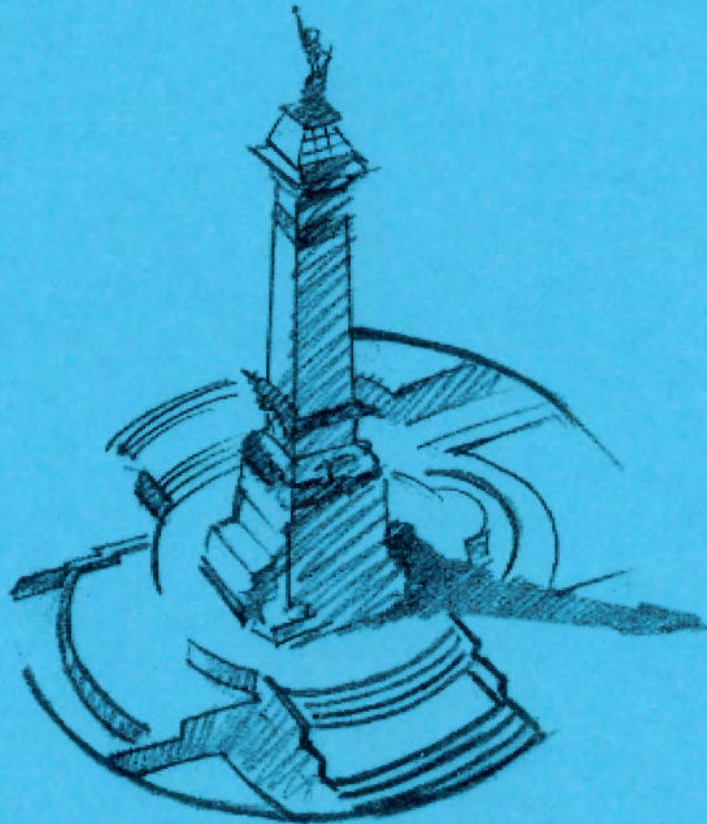


The City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis - Marion County)

Gregory A. Ballard
Mayor

David P. Reynolds
Controller



Comprehensive Annual Financial Report
Year Ended
December 31, 2009

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis – Marion County)

Year Ended December 31, 2009

Office of Finance and Management

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Introductory Section



July 20, 2010

To the Honorable Mayor Greg Ballard, Members of the City-County Council, and Citizens of Indianapolis, Indiana:

I submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Indianapolis (City) for the fiscal year ended December 31, 2009. The City is a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity. This report was prepared by the Office of Finance and Management (OFM). Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller of the City of Indianapolis. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA). There are three main sections to this report. The Introductory Section includes this letter, the Certificate of Achievement for Excellence in Financial Reporting, a description of the government and related taxing districts, a list of elected officials, and the City's organizational charts. The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements for the City, and supplementary information. The Statistical Section includes selected financial and demographic information presented on a multiyear basis. The MD&A can be found beginning on page 3.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on internal control and compliance with applicable laws and regulations, is included in a separate report.

This report contains all funds of the City. The City operates under an elected Mayor and City-County Council (29 members) form of government. The City provides services in public safety, public works, health and welfare, cultural and recreation, urban redevelopment, housing, and economic development. The City operates public housing facilities and a waterworks facility.

ECONOMIC CONDITION AND OUTLOOK

In 2009, the economic development activity of the City of Indianapolis surpassed previous years despite the economic downturn that currently exists in our nation. With the assistance from our partners at Indianapolis Economic Development Inc., now Develop Indy, the City secured 11,135 job commitments and \$157 million in private investment from 45 companies, resulting in one of the best year-end totals of the decade. Thirty of the forty-five successful projects were with existing Indianapolis businesses, which have agreed to add 4,153 new jobs and retain 6,982 existing jobs.

The commitment from companies to add and retain more than 11,000 jobs and invest millions of dollars in Indianapolis is a testament to the fact that the City, even during difficult economic times, remains a very competitive place to do business. Companies benefit from the City's overall low costs of doing business, talented workforce, and central location.

AIT Laboratories, Gilchrist & Soames, SPG Graphics, BC Forward, Maingate, BioStorage Technologies, Dow AgroSciences, Republic Airways, and Beckman Coulter were among the list of growing companies in 2009. These companies and others reported an average hourly wage for new and retained jobs of \$21.66, which is above the state's current hourly average wage of \$18.32.

More specifically, healthcare and forensic analysis firm AIT Laboratories announced its plans to establish a new pharmaceutical division here, creating more than 130 new jobs throughout the company in the next five years. The laboratory, which tests more than 300,000 biological samples annually for clients ranging from law enforcement agencies to physicians, will invest more than \$9 million to establish a new drug development division at its 40,000-square-foot corporate headquarters and laboratory near the Indianapolis International Airport. The company is expected to continue to add more jobs over the next 3 to 5 years and will relocate to a new corporate headquarters facility in 2010 that is nearly double the size of the current facility.

Another success story is BC Forward, which provides consulting, outsourcing, and staff augmentation services in systems administration, project management, software development, and strategic IT planning. The company plans to invest nearly \$2 million to expand and equip its Indianapolis headquarters. The company, recently recognized as Indianapolis' largest IT consulting firm, has grown its workforce 1,000% over the past five years and plans to lease additional space in Market Tower, just west of Monument Circle.

Although companies from all different industries were represented in the list of successful projects, the City remains focused on several targeted industry clusters. These include life sciences, advanced manufacturing, information technology, motorsports, logistics, and clean tech. Companies in these industries accounted for more than half of the 2009 successful projects with life sciences and information technology leading the way in the number of new job commitments.

Since 2008, Develop Indy has secured commitments from companies to create 7,581 new jobs, retain 13,146 existing jobs, and to invest more than \$490 million.

Long-term Financial Planning

OFM is responsible for long-term financial planning for the City and Marion County. OFM is also responsible for the annual budgets for all agencies (both the development and the execution of the budget). Five-year forecasts are used to project fund balances and identify potential shortages.

The City is expecting to experience a \$30 million reduction in property tax revenues in 2010. This reduction will occur due to the property tax “circuit breakers” enacted by the Indiana General Assembly in 2008. House Enrolled Act 1001-2008 limited the property tax bill liability based upon the class of property. This “circuit breaker” limitation is 1.5 percent of the assessed valuation of the residential property in 2009 and 1.0 percent of the assessed valuation of the residential property in 2010. Commercial property is similarly limited to 3.5 percent of the assessed valuation of the commercial property in 2009 and 3.0 percent in 2010. The City took the aggressive step in 2008 of withholding 5 percent of the approved appropriations for most City and County departments to prepare for the expected impacts of the circuit breaker in 2010. A similar 5.0 percent reduction to the 2009 budget occurred in 2009.

First-half property tax collections for 2009 were received in the last quarter of 2009 with the second-half collections to be received in the first quarter of 2010. Therefore, the City financed operations through tax anticipation warrants. The 2009 tax anticipation warrants were paid off in April 2010. The property tax bills for 2010 were mailed on time returning Indianapolis’ property tax collections to the historical normal months of June and December.

Relevant Financial Policies

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary control is maintained for certain funds, at the object level of expenditure by the encumbrance of purchase orders against available appropriations. The City uses the GASB expenditure terminology (object) for financial reporting purposes and State of Indiana expenditure terminology (character) for internal accounting purposes. Capital projects reimbursable by grant revenues are encumbered for the total amount of the estimated project cost. Outstanding encumbrances to be financed from future revenues, other than approved grant revenues and certain Consolidated County budgetary account reimbursements, are recorded in their entirety as a reservation of fund balance.

Cash Management

Due to the fluctuating market conditions, excess cash during the year was invested in U.S. Treasury and Agency Notes and Repurchase Agreements, which were generally for periods of two years or less. It is City policy to invest in certificates of deposit with local, federally insured banks that have a principal office within the county and have been approved by the Marion County Board of Finance. In June 2008, the City made its first deposit into TrustINDiana. TrustINDiana provides all Indiana local units of government and agencies of the State of Indiana the opportunity to invest in concert, benefiting from the inherent economies of scale, and to utilize an alternative designed

specifically for public funds. TrustINDiana only invests public sector funds in securities and other investments, which are legally permitted pursuant to Indiana law.

Risk Management

The City is self-insured for losses arising from worker's compensation, automobile liability, public liability, and beginning in 2009, health insurance claims. Internal Service funds are used to record the premiums charged to the operating departments and the claims expense.

MAJOR INITIATIVES

During 2009, the City embarked upon the upgrade of its 30-year-old legacy accounting system. The new integrated financial system will include the human capital management applications and the financial applications of general ledger, cash management, accounts payable, and payroll. The City has a very aggressive timeline to complete the implementation by 2013. Significant productivity gains are expected.

Continued emphasis on process improvement has been a major focus of the City. Through the City's new internal process improvement program, a second wave of six sigma projects were completed; including, the processing of completion cards within the Department of Code Enforcement, and improvements to the cycle time for repairing trash trucks in the Department of Public Works. These process improvements, along with many others, allowed the City to maintain expected levels of service while experiencing revenue losses from the property tax circuit breakers.

OTHER INFORMATION

Audit Committee

The City's Audit Committee was formalized by City-County Council ordinance to provide an independent review body for the audit activities of the City. At December 31, 2009, the Audit Committee members were as follows:

Mr. William Sheldrake, Chairperson	President, Policy Analytics, LLC
Mr. Michael Huber	Director of Enterprise Development, City of Indianapolis
Mr. Jeffrey Spalding	Indiana Commission for Higher Education
Ms. Jackie Nytes	City-County Councillor, City of Indianapolis – Marion County
Ms. Christine Scales	City-County Councillor, City of Indianapolis – Marion County
Ms. Kathleen Whitehead	American Red Cross

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indianapolis for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2008. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

This report is the combined effort of many people: Office of Finance and Management accountants, internal auditors and departmental chief fiscal officers, and others. I appreciate their diligent and conscientious work, as well as the efforts of our independent auditors, KPMG LLP.

Mayor Ballard, I also appreciate your continued guidance, interest, and support of excellence in accounting and reporting.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "David P. Reynolds".

David P. Reynolds

Controller

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Indianapolis
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President



Executive Director

CITY OF INDIANAPOLIS

ORGANIZATION OF LOCAL GOVERNMENT AND TAXING DISTRICTS

Introduction

The City of Indianapolis (City) was originally incorporated in 1832. It is the largest city in the State of Indiana (the State) and the fourteenth largest city in the nation with a population of 808,466 and a metropolitan area population of approximately 1.7 million people. The City encompasses a land area of 402 square miles, making it the eighth largest city in the nation in terms of land area. The City, located at the geographic center of the state, is the State capital and also serves as the physical, economic, and cultural capital. Indianapolis has a stable and diversified economy with employment rates and income levels consistently above the national averages.

Form of Government

On January 1, 1970, the governments of the City and that of Marion County (the County) were unified and their form of service delivery consolidated, thereby extending the City's boundaries to generally coincide with those of the County. Four municipalities (Beech Grove, Lawrence, Speedway, and Southport) located within the County boundaries were specifically excluded from most functions of the consolidated City by the consolidating act. The consolidated government provides for a Mayor and a twenty-nine member legislative council. The City-County Council consists of twenty-five councilors elected from single-member districts and four councilors elected at large. Because the Mayor's powers extend to the entire county, residents of the Town of Speedway and the Cities of Beech Grove, Lawrence, and Southport, the municipalities not affected by the reorganization vote for the Mayor as Chief County Executive as well as for the councilors at large.

Since adoption of the consolidated form of government for the City, governmental services within the area of Unigov are provided by 46 different units of local government, including the consolidated City, the County, 5 independent municipal corporations, 11 school corporations, 9 townships, 12 towns, the 4 municipalities excluded from the consolidated City of Indianapolis, 2 library boards, and 1 conservancy district. Within the consolidated City, special taxing districts were created to coincide with user benefit district boundaries then existing or as extended by the consolidating act. Boundaries of the various districts are such that a resident may be a member of one district and not another. Therefore, the resident's geographic location within the County determines the governmental unit and taxing district rates to be combined in calculating the specific tax rate. As a result of the varying areas in which services are provided by the 46 different governmental units, the County is broken down into 61 different geographical areas for purposes of tax rate determination.

The maps on pages XV and XVI illustrate the relationship of the described taxing units.

The following taxing units are within the consolidated City, and all except the consolidated County and the special service districts can issue bonds:

	<u>Map</u>		<u>Map</u>
Civil City	2	Flood Control District	1
Consolidated County	1	Metropolitan Thoroughfare District	1
Redevelopment District	2	Police Special Service District	5
Solid Waste Collection Special Service District	7	Fire Special Service District	6
Solid Waste Disposal Special Service District	2	Park District	1
Sanitary District	8	Public Safety Communications & Computer Facilities District	1

The Metropolitan Thoroughfare District, Flood Control District, Park District, and Public Safety Communications & Computer Facilities District are special taxing districts, the boundaries of which are coterminous with the boundaries of Marion County.

The Redevelopment District and the Solid Waste Disposal District are special taxing districts; the boundaries and taxable property of which are coterminous with the boundaries of the City. The Redevelopment District includes a Consolidated Tax Allocation Area, which captures incremental increases in assessed valuation for the repayment of the Tax Increment Finance Bonds.

Other Governmental Units

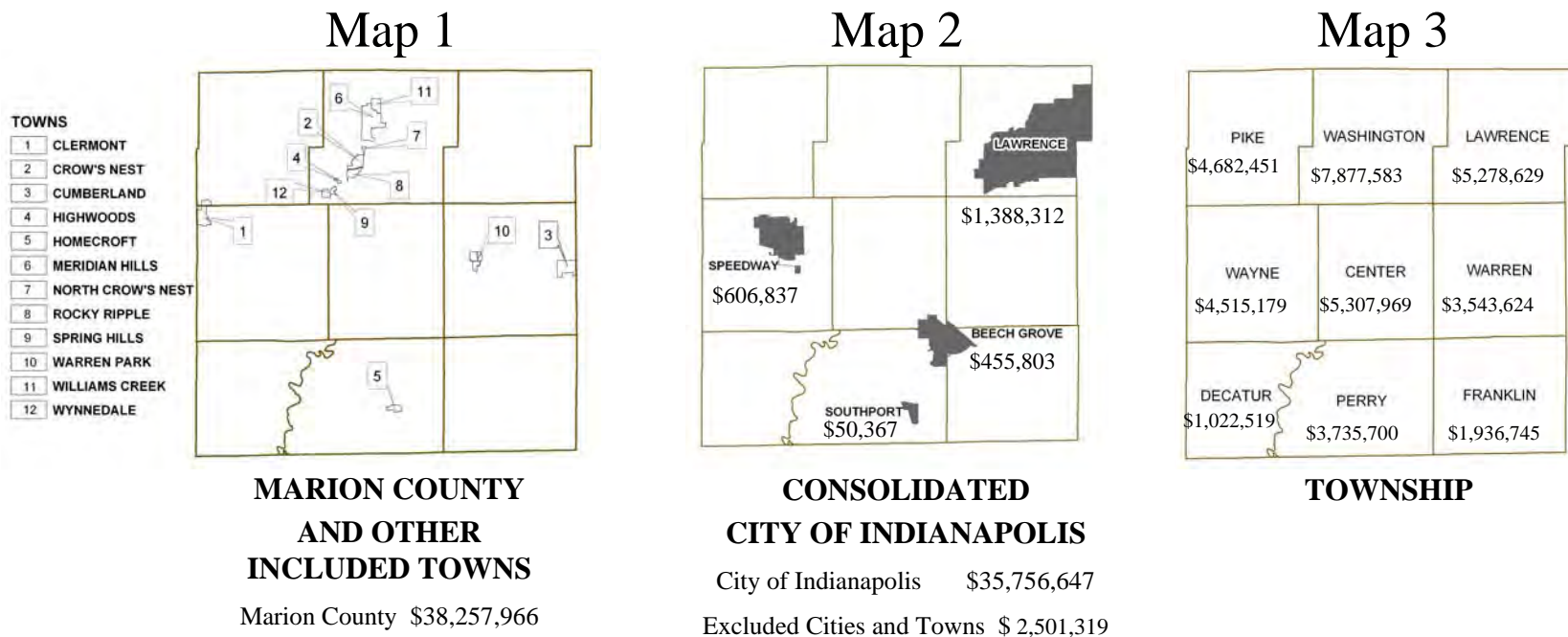
The consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

- **Marion County** as a governmental unit provides services such as courts, sheriff, tax assessment, and collection, etc., not otherwise provided by other governmental units.
- The **Capital Improvement Board of Managers** (Board) is a separate and distinct municipal corporation with territory coterminous to the territory of Marion County. The Board is authorized to finance, construct, equip, operate, and maintain any capital facilities or improvements of general public benefit or welfare, which would tend to promote cultural, recreational, public, or civic well-being of the community. The Board operates facilities used for sports, recreation, and convention activities in downtown Indianapolis. The **Marion County Convention and Recreational Facilities Authority** was created in 1985 under applicable State statutes to provide certain financing for projects of the Board.
- The **Indianapolis Airport Authority** (Airport Authority) and the **Health and Hospital Corporation of Marion County** are separate and distinct municipal corporations with territory coterminous to the territory of Marion County. The Airport Authority was established for the general purpose of acquiring, maintaining, operating, and financing airports and landing fields in and bordering on Marion County. The Airport Authority bonds are general obligations payable from unlimited ad valorem taxes assessed on all taxable property of Marion County; however, in practice the bonds have been paid from the net revenues of the Airport Authority. The Health and Hospital Corporation was given the mandate to provide preventative and curative health programs for the residents of the County, including indigent healthcare.

- The **Indianapolis-Marion County Building Authority** (the Authority) is a separate and distinct municipal corporation that acts as landlord for the City-County Building. The County pays 58% and the City pays 42% of the total lease rental. The Authority also has outstanding bonds payable from lease rentals (which are paid from taxes levied) from the County for the Marion County Jail expansion, and from the City for the central maintenance garage. Minor portions of Authority facilities are leased to other units of government and private parties.
- The **Indianapolis Public Transportation Corporation** (IndyGo) is a separate and distinct municipal corporation with territory coterminous to the territory of the consolidated Civil City of Indianapolis. IndyGo provides public transportation service within the County.
- The **Indianapolis Marion County Public Library** is a separate and distinct municipal corporation, the territory of which includes the property in Marion County, excluding the City of Beech Grove and the Town of Speedway.

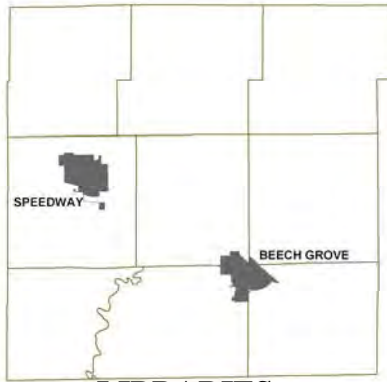
There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school buildings constructed by the building corporations.

See page XVII for the Unigov Organization Chart and page XVIII for the consolidated City of Indianapolis Organization Chart.



NOTE: See Statistical Schedule 13 on pages 160, 161, and 162 of Part III of this annual report. The assessed valuation figures are for March 1, 2008 valuations for taxes collectible in 2009.

Map 4



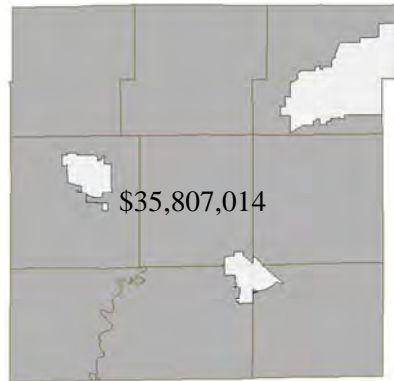
LIBRARIES

Beech Grove \$429,446

Speedway \$606,837

Marion County Libraries \$37,221,684

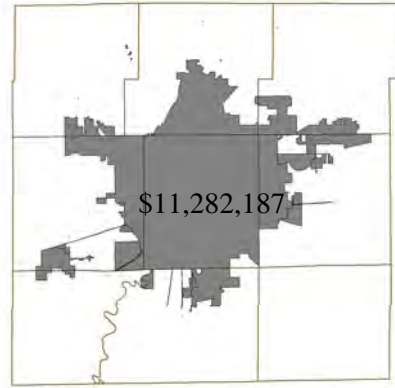
Map 7



**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

NOTE: See Statistical Schedule 13 on pages 160, 161, and 162 of Part III of this annual report. The assessed valuation figures are for March 1, 2008 valuations for taxes collectible in 2009.

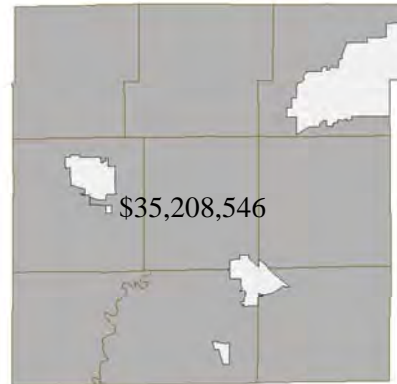
Map 5



INDIANAPOLIS

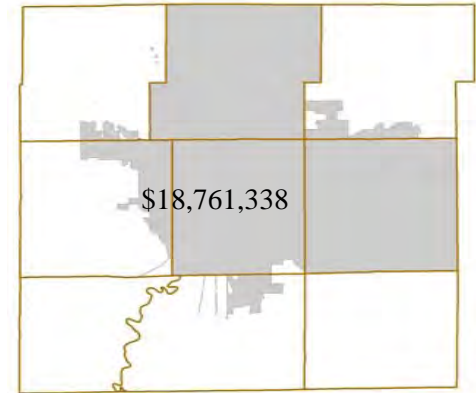
POLICE SERVICE DISTRICT

Map 8



**INDIANAPOLIS
SANITARY DISTRICT**

Map 6

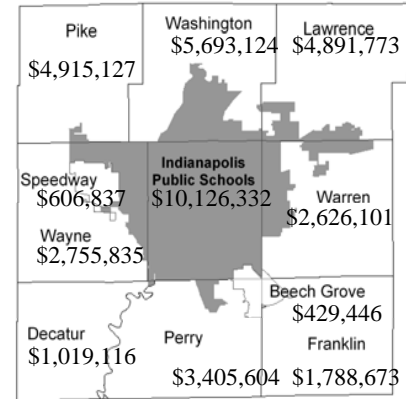


INDIANAPOLIS

FIRE SERVICE DISTRICT

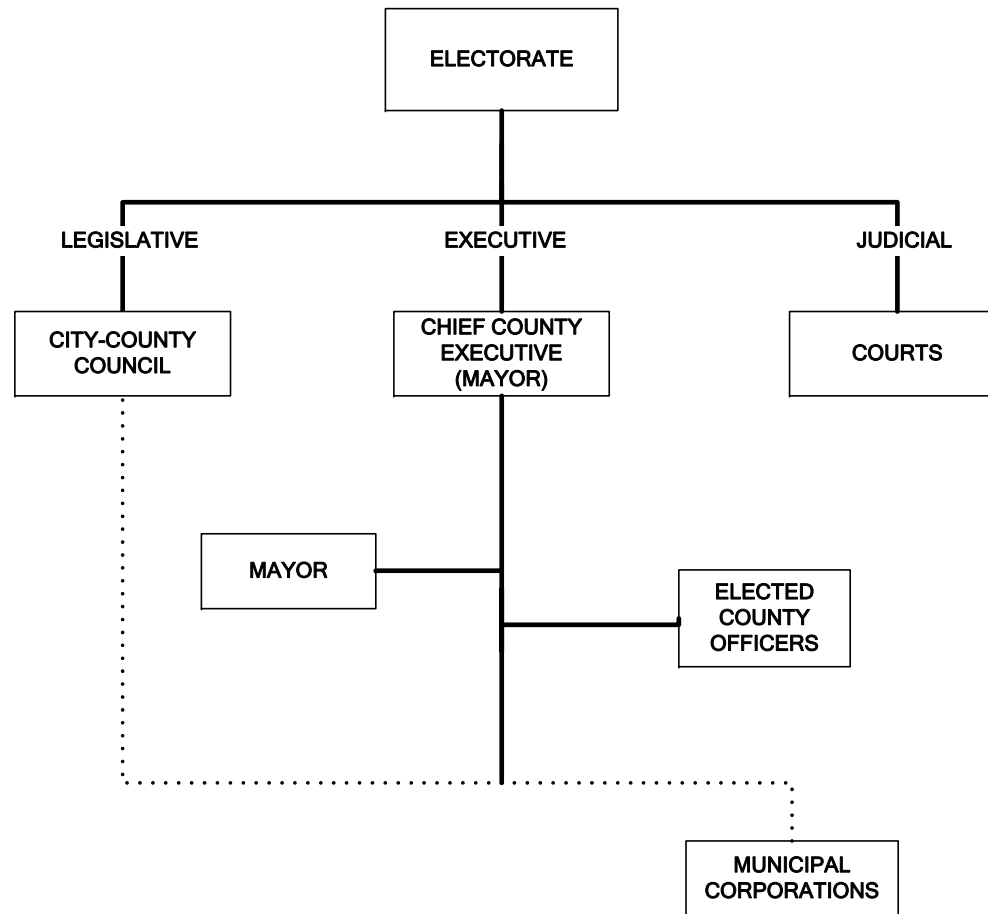
(Outside of this district, townships and excluded cities and towns provide the fire service)

Map 9

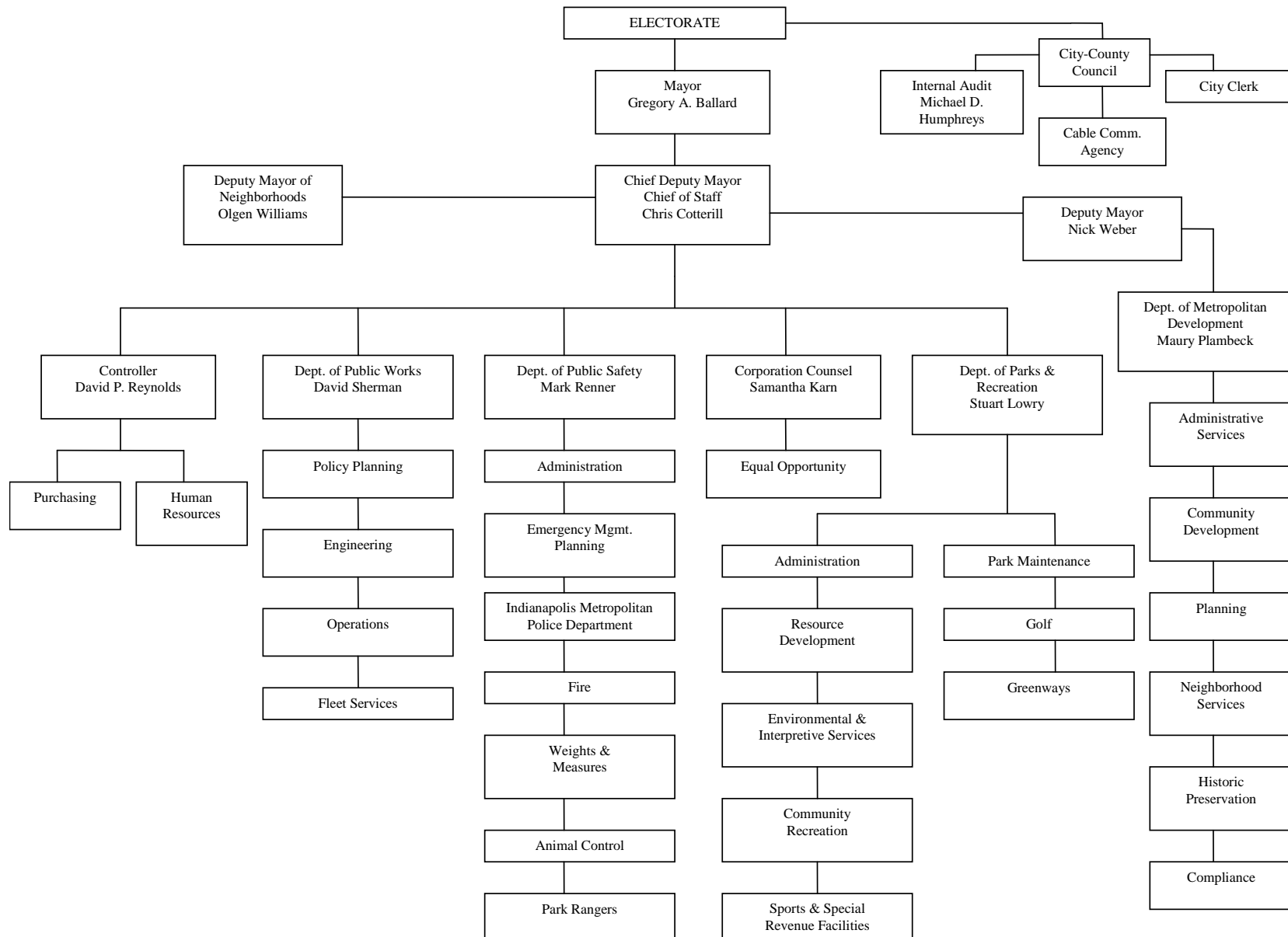


SCHOOL DISTRICTS

UNIGOV ORGANIZATIONAL CHART
CONSOLIDATED GOVERNMENT FOR INDIANAPOLIS - MARION COUNTY



CITY OF INDIANAPOLIS
City of Indianapolis Organization Chart
December 31, 2009



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2009

ELECTED OFFICIALS*

<u>Name</u>	<u>Title</u>	<u>Service</u>	<u>Occupation</u>
Gregory A. Ballard	Mayor	2	Mayor and Chief County Executive
Bob Cockrum	City-County Council President	14	Retired
Kent Smith	City-County Council Vice President	2	United States Marine Corp
Paul Bateman	City-County Councillor	4	Project Manager Devington Green Jobs Workforce
Vernon Brown	City-County Councillor	6	Indianapolis Fire Department Battalion Chief
Virginia J. Cain	City-County Councillor	6	Homemaker and Community Organizer
Jeffrey Cardwell	City-County Councillor	2	Small Business Owner
Ed Coleman	City-County Councillor	2	Nurse
N. Susie Day	City-County Councillor	6	Claims Specialist, Department of Workforce Development
Jose Evans	City-County Councillor	2	CEO, Evans & Associates, LLC
Monroe Gray, Jr.	City-County Councillor	18	Retired
Ben Hunter	City-County Councillor	2	Public Safety Director, Butler University
Maggie Lewis	City-County Councillor	2	Community Consultant, Indiana Criminal Justice Institute
Robert Lutz	City-County Councillor	3	Self-Employed Attorney at Law
Brian Mahern	City-County Councillor	2	Policy Analyst, Indiana Utility Regulatory Commission
Dane Mahern	City-County Councillor	6	Human Resource Consultant, City of Indianapolis
Barbara Malone	City-County Councillor	2	Attorney
Angela Mansfield	City-County Councillor	6	Attorney and Certified Public Accountant
Janice McHenry	City-County Councillor	2	Retired
Michael McQuillen	City-County Councillor	2	Owner, PoliticalParade.com
Doris Minton-McNeil	City-County Councillor	2	Executive Asst., Indianapolis Public Schools
Mary Bridget Moriarty Adams	City-County Councillor	22	Human Resources Manager, Multiple Sclerosis Foundation
Jackie Nytes	City-County Councillor	10	Executive Director, Mapleton Fall Creek Development Corp.
William C. Oliver	City-County Councillor	6	Retired
Marilyn Pfisterer	City-County Councillor	6	Retired
Lincoln Plowman	City-County Councillor	6	Indianapolis Metropolitan Police Department
Joanne Sanders	City-County Councillor	10	International Representative, Alliance of Theatrical Stage Employees
Christine Scales	City-County Councillor	2	Homemaker and Community Organizer

CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)
December 31, 2009

ELECTED OFFICIALS*

<u>Name</u>	<u>Title</u>	<u>Service</u>	<u>Occupation</u>
Mike Speedy	City-County Councillor	6	Attorney/Real Estate Development Consultant
Ryan Vaughn	City-County Councillor	3	Associate Attorney, Barnes & Thornburg
Michael A. Rodman	Ex-Officio City Treasurer	6	Marion County Treasurer

* The term of office for all elected officials expires December 31, 2011 except for the Marion County Treasurer, whose term expires December 31, 2012.

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Number of Years in This Position</u>	<u>Number of Years Associated with City of Indianapolis – Marion County</u>
Chris Cotterill	Chief Deputy Mayor/Chief of Staff	1	2
Olgen Williams	Deputy Mayor of Neighborhoods	2	2
Nick Weber	Deputy Mayor	2	2
David P. Reynolds	Controller–Office of Finance and Management	2	2
Samantha Karn	Corporation Counsel	1	2
Maury Plambeck	Director of Metropolitan Development	10	21
David Sherman	Director of Public Works	2	2
Mark Renner	Director of Public Safety	1	1
Stuart Lowry	Director of Parks and Recreation	2	2
Melissa Thompson	Clerk of the City-County Council	2	10
Michael D. Humphreys	Administrator of Internal Audit	30	30

CERTIFIED PUBLIC ACCOUNTANTS KPMG LLP

CONSOLIDATED CITY OPERATIONS

Executive & Legislative

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and enjoys wide appointive powers, including the right to name deputy mayors, department heads, and many board and commission members (the deputy mayor and department director appointments are subject to approval by a majority of the City-County Council). The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City.

The Mayor controls the major administrative functions of the consolidated City through four departments as follows: Metropolitan Development, Public Works, Public Safety, and Parks and Recreation, each headed by a director, and through special taxing and service districts. Transactions for the Mayor's office are accounted for in the Consolidated County subfund of the General Fund. The Mayor heads a cabinet of appointed Deputy Mayors, Corporation Counsel, Controller, and Department Directors. The Office of Internal Audit is independent of any City department, as is the Office of the Corporation Counsel and the Office of Finance and Management. These divisions report directly to the Mayor.

CITY-COUNTY COUNCIL

The Council staff provides efficient and economical administrative support to the local legislative branch of government. The Council is responsible for adoption of appropriations and tax rates supporting the City and County annual budgets, and reviews and recommends the five Municipal Corporations' annual budgets. The Council also confirms appointments of individuals to the positions of Deputy Mayor and Directors of UNIGOV Departments. They also enact legislation and appoint individuals to various boards and commissions of local government. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

CABLE COMMUNICATIONS AGENCY

The Cable Communications Agency oversees cable franchise compliance and contractual obligations, as well as prepares and supervises renewal of franchise agreements. Through WCTY/Channel 16 and Government TV2, the Cable Communications Agency provides City-County government information to Marion County citizens and supplements public safety education. Agency staff makes recommendations for the best usage of communications equipment through research of new communication models and technologies. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

OFFICE OF THE CORPORATION COUNSEL

The Office of the Corporation Counsel provides legal counseling and representation for all agencies of City and County government and is headed by Corporation Counsel who is appointed by the Mayor. The Office of the Corporation Counsel is divided into four sections: Counseling, City Prosecutor, Equal Opportunity, and Litigation. Transactions for this Office are accounted for in the Consolidated County subfund of the General Fund. The responsibilities of the Office are governed by Indiana statute, which vests the Office with the authority to represent and defend the City and County and its officers in causes of action in which they are parties by virtue of their official capacity and to compromise litigation and effect settlement of pending litigation. In addition, the Office furnishes legal advice and formal opinions and conducts legal proceedings. The City Prosecutor's Office, also a part of the Office of the Corporation Counsel, initiates legal action for the purpose of enforcing City ordinances. The preparation of nonfiscal ordinances for

introduction before the City-County Council and the drafting of legislative proposals in the Indiana General Assembly are also functions of the Office of the Corporation Counsel.

OFFICE OF FINANCE AND MANAGEMENT

The Office of Finance and Management is charged with the fiscal management of City and County government. Appointed by the Mayor, the City Controller ensures that financial assets of the government are protected. The office is responsible for the annual City and County budgets, financial reporting, accounting policy for the City and County, cash management, City licenses, and federal audit relationships with transactions accounted for in the Consolidated County subfund of the General Fund.

The Division of Purchasing, which reports to the City Controller, acts as the central purchasing agent for all City and County government offices with transactions accounted for in the Consolidated County subfund of the General Fund. The division has responsibility for obtaining all necessary materials, equipment, services, and performing certain phases of bookkeeping for City-County government, and oversees the disposal of surplus assets.

The Human Resource division reports to the City Controller. This division is responsible for all personnel-related functions for the City, the County, the police department, and the fire department. HR provides analysis of personnel changes, recommendations for pay grades, performance reviews of employees, and upkeep of employee information, benefits, and job status.

The Grants division was new to the Office of Finance and Management in 2009. This division combines various grant-related functions throughout the City and County into one office. The Grants division is the lead group that assists agencies with grant application and submission as well as the tracking and reporting of grant funding.

The Collections section is a part of the Office of Finance and Management and is responsible for pursuing collections of amounts owed by third parties to various City and County agencies with transactions accounted for in the Consolidated County subfund of the General Fund, with the exception of revenue from parking fines, which is accounted for in the Parking Special Revenue Fund.

Department of Metropolitan Development

The Department of Metropolitan Development's primary objectives are to provide improved service delivery through effective communications, collaboration, and developmental assistance to promote partnership between the public and City government to facilitate quality housing and economic growth throughout the County. The department follows policy established by the Metropolitan Development Commission and coordinates the activities of its operating divisions: Administrative Services, Community Economic Development, Planning, Neighborhood Services, Historic Preservation Commission, Compliance, and Regional Transportation Authority. The Metropolitan Development Commission is the policy-making body of the Department of Metropolitan Development and receives staff support from the department. The Commission is composed of nine members, four of whom are appointed by the Mayor, three by the City-County Council, and two by the Board of County Commissioners.

DIVISION OF ADMINISTRATIVE SERVICES

The Division of Administrative Services provides managerial and financial support to other divisions in the Department of Metropolitan Development. Financial staff also offers financial management support, in the form of budgeting, financial reporting, payroll, and accounts payable/receivable management to the other department divisions consistent with established policies by federal, state, and local regulations. Transactions for this division are accounted for in the Redevelopment subfund of the General Fund.

DIVISION OF COMMUNITY ECONOMIC DEVELOPMENT

The Community Economic Development division has the responsibility of administering all U.S. Department of Housing and Urban Development grants, with transactions accounted for in the Federal and State Grants Special Revenue Funds and the Consolidated County and Redevelopment subfunds of the General Fund. The division supports activities of community development, affordable housing, neighborhood capacity building, human services, neighborhood strategic programming, and capital improvements projects. The division also administers the Unsafe Building Program in conjunction with the Health and Hospital Corporation of Marion County. Additionally, the division promotes economic development by leveraging private and public resources in support of developing affordable housing and new employment opportunities in neighborhoods, as well as managing department-owned properties throughout the City.

DIVISION OF PLANNING

The Division of Planning has wide-ranging responsibilities in areas of social, physical, and economic planning. It analyzes present community conditions and makes projections of future development, recommending various plans for private and public action. The division also is responsible for transportation planning activities as the Metropolitan Planning Organization (MPO) for the Indianapolis Urbanized Area. The division processes all land use petitions for public hearing, and reviews, revises, and updates zoning ordinances to reflect the needs of the community. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund.

NEIGHBORHOOD SERVICES

The Division of Neighborhood Services is responsible for facilitating and enhancing communications between the public and government. Staff is responsible for identifying and assisting in addressing the needs of township residents, community organizations, and businesses; enlisting citizen and business participation with government and increasing public awareness of the programs and services offered by the City. Transactions are accounted for in the Consolidated County subfund of the General Fund.

INDIANAPOLIS HISTORIC PRESERVATION COMMISSION

The Indianapolis Historic Preservation Commission is a semiautonomous agency of City-County government, charged with the responsibility of designating and administering local Historic Areas, both districts and individual structures; promoting the preservation and re-use of historic structures; and offering technical assistance to Marion County residents and property owners. Indianapolis Historic Preservation Commission transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County subfund of the General Fund.

DIVISION OF COMPLIANCE

The Division of Compliance is responsible for enforcing zoning ordinances and building code compliance; issues permits, monitors construction activities, licenses contractors, and registers various trade contractors licensed by the State. Transactions are accounted for in the Consolidated County subfund of the General Fund.

REGIONAL TRANSPORTATION AUTHORITY

Regional Transportation Authority is the administrative staff in support of the Central Indiana Regional Transportation Authority (CIRTA). CIRTA's mission is to develop a comprehensive system of transportation alternatives for central Indiana residents. CIRTA was created by State statute in 2004 and is governed by a 16-member board of directors who represent all nine counties in the region (Marion, Hamilton, Hancock, Shelby, Johnson, Morgan, Hendricks, Boone, and Madison), as well as municipalities and the labor organization for transportation workers. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund.

Department of Public Works

The Department of Public Works (DPW) is responsible for the following: street and traffic signal maintenance, trash collection and disposal, flood control maintenance, collection and treatment of sewage, snow removal, and environmental remediation. DPW also has responsibility for the acquisition and maintenance of vehicles and heavy equipment used by City and County agencies. The department has four major divisions: Policy and Planning, Engineering, Operations, and Fleet Services.

The Board of Public Works is the supervisory and policy-making body of the DPW. The board consists of seven members and meets twice per month. The Director of the DPW serves as the chair of the board; three members are appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the appointing authority. The board reviews the department budget, holds any hearings required by law, and approves the award of all contracts.

POLICY AND PLANNING DIVISION

The Administrative Services Section manages the administration for the entire department. This includes financial and budget planning, asset management, and contractual agreements. The section also monitors the financial aspects of the Indianapolis Resource Recovery Facility. Administrative transactions are accounted for in the Consolidated County Subfund of the General Fund, the Storm Water Management subfund of the General Fund, and the Federal Grants Special Revenue Fund. The section's services include the general services for budget preparation, contract administration, general accounting services, goods procurement, payroll management, data management and entry, property management, and personnel coordination and management.

The Administrative Services Section has three main areas of responsibility:

1. *Financial Services.* This section provides purchasing, accounting, and payroll services to all areas within the department.
2. *Business Services.* This section provides the necessary administrative functions for the department in the areas of data management, payroll, revenue collection and accounting, and other administrative services and processes.

3. *Contract Services.* This section provides administrative support and review for service contracts with the department. This section manages the processes involved with procurement and contract execution, including the Board of Public Works. The day-to-day management of the contracts remains with the operational areas responsible for solid waste removal, mowing, sewer collection system, abandoned vehicles, and street sweeping.

The Public Information Services Section assists the DPW and the City by arranging and executing public meetings, media services, public speaking, departmental presentations, and neighborhood coordination.

The Strategic Planning Section provides public access to the many programs administered by the Engineering and Operations divisions and throughout the DPW. This section disseminates information through the media, written publications, correspondence, and by telephone on engineering projects. This section also provides neighborhood services and citizen's relations services.

As an outgrowth of the Strategic Planning Section, the Office of Sustainability was established in 2008. This office and the new SustainIndy initiative, which has strong ties to the City's environmental agenda, is housed and budgeted in DPW. The charge of SustainIndy includes public-private coordination of environmentally responsible actions that impact community awareness, economic development, and quality of life in Indianapolis for today and in the future. More information regarding this initiative can be found at <http://www.sustainindy.org>.

The Office of Environmental Services (OES) was restructured, during 2009. Air quality, water and land pollution abatement, and environmental remediation projects are managed under different levels of government, departments, and sections, than in the past. In late 2008, it was confirmed that the State of Indiana's Department of Environmental Management (IDEM) would take over management of the air quality permitting and monitoring, throughout Indiana, including Indianapolis/Marion County. Grant funding for the air quality activities was discontinued on December 31, 2008. In 2009, coordination with IDEM, in regards to air quality, was done through the newly created Department of Code Enforcement (DCE). Four (4) former OES employees are staffed in DCE to manage this function. The former OES staff involved with water quality was moved to the Engineering division. Their function is now more closely aligned with design, build, and operations section associated with wastewater and storm water management. The household hazardous waste program and other land pollution abatement programs are now with the Solid Waste section. Transactions are accounted for in the Sanitation, Solid Waste Collection, Park, and Consolidated County subfunds of the General Fund.

ENGINEERING DIVISION

Engineering division plans, designs, constructs, reconstructs, and maintains all streets, sewers, roads, bridges, and thoroughfares. The department is also responsible for access control, traffic control, and street lights on the same. Excluded from the department's control are:

1. Interstate, U.S., and State routes under the jurisdiction of the Indiana Department of Transportation; and
2. Local streets within the other incorporated cities and towns within the County.

This section's general services include development of programs and projects, inventories, transportation studies, design contract administration, service contract negotiation, construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies. Transactions for this section are recorded in the

City and County Cumulative Capital Projects Funds and the Transportation, Sanitation, and Storm Water Management subfunds of the General Fund.

The Engineering Administration Section provides the necessary administrative support for implementation of the department's programs to expand and protect the City's transportation, sanitation, and storm water networks.

The Construction Services Section provides the necessary project scope and design criteria and determines the project schedule. Consultant selection is also a primary task for this group. This section also provides the technical expertise to accomplish all design and construction contract management for the transportation and sanitation improvement and flood control projects. This section is responsible for supervising and administering all construction contracts for transportation, sanitation, and storm water network improvements.

The Environmental Engineering Section provides services including the development of programs and projects, inventories, studies, design contract administration, and service contract negotiation related to the sanitary and drainage programs of the City. This also includes the review and approval of private development projects and providing technical expertise to other divisions and agencies.

The Transportation Engineering Section provides services including the development of programs and projects, inventories, transportation studies, design contract administration, and service contract negotiation related to the transportation programs of the City. This also includes construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies.

In 2008, there was some blending of the Engineering and Operations division. While the divisions of Engineering and Operations still exist, the functional organization has experienced engineers leading the transportation and sanitary/storm water programs. The range of responsibilities is from planning, design, and construction to planned and reactive maintenance of roads and sewers. There is now better coordination and planning for resources involved with the City's infrastructure assets.

OPERATIONS DIVISION

The Solid Waste Services Section is responsible for collecting trash from five of the twelve solid waste districts. The section also monitors the financial and technical aspects of the resource recovery waste districts. Approximately 150,000 tons of trash is collected annually. Household refuse is disposed of at the Indianapolis Resource Recovery Facility where the waste is burned and steam is generated. The steam is sold to a local power company. The Solid Waste Management Section also monitors the financial and technical aspects of the resource recovery facility's operations. Other waste, such as construction debris, is taken to the Southside Landfill. Other services of the Solid Waste Management include the removal of animal carcasses from the public right of way and operation of drop-off recycling programs. Section transactions are accounted for in the Solid Waste Collection and the Solid Waste Disposal subfunds of the General Fund.

The Maintenance Services Section has six main areas of responsibility:

1. *Traffic Operations*. Responsible for the implementation and operation of all traffic control features of the transportation network. Ensures traffic safety and guides motorists throughout the City through signals, signs, and pavement markers.
2. *Street Maintenance*. Responsible for the maintenance of all roads, bridges, and other transportation facilities under the City's jurisdiction. Also responsible for preventative maintenance and snow and ice removal on City streets.
3. *Grass and Weeds*. Responsible for mowing of levees, parkways, and private weed enforcement lots.
4. *Building and Grounds*. Responsible for maintaining DPW facilities and the Monon Trail.
5. *Parking Meter*. Responsible for collection of revenue, repair of parking meter equipment, and administration of contracts.
6. *Customer Services*. Responds within three days to citizen complaints that are called into the Mayor's Action Center such as sanitary sewer backups, sewer odors, cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, graffiti, and sewer locates. Service requests are directed to the Township Coordinators who complete over 20,000 inspections per year. Customer Services also works closely with the utility companies and other City and County departments.

The section's general services include road and bridge maintenance and reconstruction, resurfacing, curb and sidewalk replacement and repair, street repair, weed control, mowing, road side drainage, shoulder maintenance, pavement joint maintenance, guard rail installation and repair, emergency maintenance functions (barricading and temporary repairs), snow and ice removal, litter pickup in the downtown area, traffic signal installation, modernization and maintenance, pavement markings, and traffic sign manufacturing and installation. Transactions for this section are recorded in the Transportation, Sanitation, Solid Waste Collection, and Storm Water Management subfunds of the General Fund and the Parking Special Revenue Fund.

The Water Management Services Section monitors the contracts for the operation of the City's two Advanced Wastewater Treatment Facilities. These facilities have the capability of processing 250 million gallons of wastewater per day. Transactions of the section are accounted for in the Sanitation, Consolidated County, Solid Waste Collection, Storm Water Management, Solid Waste Disposal, and Transportation subfunds of the General Fund.

FLEET SERVICES DIVISION

The Indianapolis Fleet Services (IFS) is responsible for the maintenance, fueling, monitoring, and repair of all vehicles and other equipment owned by the City and has all powers and duties necessary for operation of a municipal garage. IFS also maintains and supplies fuel for vehicles and equipment owned by a number of other governmental agencies on a contractual basis. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund. The costs associated with maintaining and fueling city-owned vehicles and equipment are charged back to the departments that own the equipment.

Department of Public Safety

This department maintains order and protects the rights and property of the citizens of Indianapolis. The Director retains responsibility for major policy decisions, budgeting, long-range planning, and the day-to-day coordination of five departmental divisions: Fire, Police, Emergency Management Planning, Animal Care and Control, and Weights and Measures. The Director of the Department of Public Safety serves as the Mayor's appointee on many commissions and councils at the national, state, and local levels in order to coordinate the activities of Public Safety Department divisions with various other state and local criminal justice agencies.

The Director appoints the Fire Chiefs for the consolidated City. The Director also supervises the hiring, promotion, affirmative action, and discipline of all department divisions with the advice and assistance of two statutory boards and several nonstatutory citizen boards and committees. The statutory boards include a five-member Board of Public Safety and a six-member Fire Merit Board. Transactions for this division are recorded in the Consolidated County subfund of the General Fund.

The Board of Public Safety is composed of the Director of Public Safety and four other members, two of whom are appointed by the Mayor and two others by the City-County Council. Board members serve one-year terms at the pleasure of the Mayor or the Council.

The board studies issues related to the Department of Public Safety, which the Director brings before the members; it also indicates areas requiring further study to the Director. The board approves the award and amendment of contracts by the department for purchase or lease of capital equipment or other property where the contract is required to be bid under Indiana Code 36-1-12. The Board also approves the employment of persons engaged by the department to render professional or consulting services.

INDIANAPOLIS METROPOLITAN POLICE DEPARTMENT (IMPD)

This division is primarily responsible for enforcement of laws to protect life and property while creating and maintaining active police/community partnerships and assisting citizens in identifying and solving problems to improve the quality of life in their neighborhoods. The IMPD was established January 1, 2007 through the consolidation of the Indianapolis Police Department and the law enforcement force of the Marion County Sheriff. On January 1, 2007, IMPD assumed all law enforcement services for the consolidated City. Transactions are accounted for in the Metropolitan Police subfund of the General Fund, which is funded from the Consolidated City district that includes all of the County except for the excluded cities: Southport, Speedway, Lawrence, and Beech Grove. The Police Special Service District exists only for the purpose of the police pensions.

INDIANAPOLIS FIRE DEPARTMENT

This division's services include fire prevention, fire fighting, and emergency rescue. The division also administers immediate first aid services, inspects buildings, investigates suspected cases of arson, gives fire and safety instructions, and provides fire and rescue training for other fire departments. The division is funded from a special service district of the consolidated City and coordinates fire protection with the Township and Volunteer Fire Departments of the District. Transactions are accounted for in the Fire subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

DIVISION OF EMERGENCY MANAGEMENT PLANNING

This division functions as the local Department of Homeland Security. It coordinates all government and nongovernment organizations that deal with emergency situations, and provides unique civil preparedness skills and capabilities not available under other organizations. Transactions are accounted for in the Consolidated County subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

ANIMAL CARE AND CONTROL DIVISION

This division is responsible for protecting the public from injuries, property damage, and disease caused by stray animals. Transactions are accounted for in the Consolidated County subfund of the General Fund. The division has the authority to capture, impound, and destroy stray animals, including wildlife.

DIVISION OF WEIGHTS AND MEASURES

This division is responsible for checking all weighing and measuring devices as required by the State Weights and Measures law. The division checks scales and measuring devices and performs tests and calibrations. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Department of Parks and Recreation

The Department of Parks and Recreation (Indy Parks and Recreation) provides clear leadership and well-defined direction for enhancing the quality of life for Indianapolis and Marion County residents by offering park and recreation resources that 1) provide and/or facilitate quality recreation and leisure opportunities; 2) encourage and support natural and cultural resource stewardship and environmental education; 3) include safe, clean, and well-maintained park facilities for the community's use and enjoyment; and 4) promote and facilitate mutually beneficial countywide partnerships. Indy Parks and Recreation offers recreational opportunities at regional, community, neighborhood, and nature parks, as well as at schools and other facilities. The parks system includes 7 greenways, 25 recreation centers, 21 aquatic centers, 13 golf courses, 428 sports fields and courts, and 128 playgrounds. City ordinances and state statutes are enforced by Indy Parks and Recreation to protect public parklands and facility use. The department's organization consists of eight divisions including Administration, Community Recreation, Sports and Special Revenue Facilities, Golf, Environmental and Interpretive Services, Park Maintenance, Resource Development, and Greenways. Transactions for this department are recorded in the Parks subfund of the General Fund and the Federal and State of Indiana Grants Special Revenue Funds.

ADMINISTRATION DIVISION

Administration provides departmental level leadership, management, and oversight of the business operating elements. The Administration division includes a variety of functions essential to the organization including finance, marketing and public relations, grants, alliances and partnerships, and a variety of other special projects. This division facilitates and coordinates the implementation of cross-divisional activities.

COMMUNITY RECREATION DIVISION

The Community Recreation division provides recreational services and opportunities to Marion County residents. Community Recreation's core areas include community centers, neighborhood parks, arts services, day camps, and after-school therapeutic and senior programs.

SPORTS AND SPECIAL REVENUE FACILITIES DIVISION

The Sports and Special Revenue Facilities division provides sports programs and special facilities combined with educational opportunities for volunteers, coaches, and staff. The facilities include indoor and outdoor aquatic centers, sports courts and fields, ice rinks, Velodrome, skate park, and BMX track.

GOLF DIVISION

The Golf division offers golf opportunities for people of all ages and physical abilities throughout the Indianapolis community. This division manages municipal courses as well as plans and oversees capital improvements at each course. It manages course operating contracts, service contracts, and course management contracts.

ENVIRONMENTAL AND INTERPRETIVE SERVICES DIVISION

The Environmental and Interpretive Services division provides quality environmental education and interpretive programs to the community through nature centers and the hub naturalist program.

PARK MAINTENANCE DIVISION

The Park Maintenance division maintains Indy Parks' facilities and parks. Operating elements include beautification, grounds and facility maintenance, land improvement, natural resources, and land stewardship.

RESOURCE DEVELOPMENT DIVISION

The Resource Development division steers the direction of the department through resource planning, capital asset development, and sustainable strategic tactics. In addition to the planning tasks, this division is also responsible for land acquisition and real estate management.

GREENWAYS DIVISION

The Greenways division manages, improves, and maintains the 66-mile greenways system within Marion County to provide recreational and fitness opportunities, promote open space conservation, link neighborhoods with parks and other community assets, and provide environmental education for the public concerning the greenways system.

Indianapolis Housing Agency

The Indianapolis Housing Agency (Agency) is responsible for the design, construction, maintenance, and management of decent and safe housing for low-income, elderly, and disabled persons. The Agency receives its primary funding from the U.S. Department of Housing and Urban Development (HUD) and rents collected from residents. The Agency's transactions are accounted for as an Enterprise Fund to maintain autonomy from City-County tax revenues. Other funds are generated by the Comprehensive Improvement Assistance Program (Modernization) and Community Development Block Grants (CDBG), which also originate from HUD. In addition, the Agency operates a program to provide rental and utility assistance payments, which are funded by HUD funds.

Department of Waterworks

In 2002, the City purchased the assets of the former Indianapolis Water Company and formed the Department of Waterworks to oversee the operation of the utility. A Board of Directors was also appointed consisting of seven members of which three are nominated by the majority leader of the City-County Council and three by the minority leader of the City-County Council. The seventh member who is nominated by the Mayor to be the Secretary/Treasurer must be unanimously approved by the remaining members. In addition to the Board of Directors, a professional staff is employed for the day-to-day management oversight of the waterworks system.

The Board of Directors entered into a twenty-year agreement with Veolia Water (formerly, US Filter Operating Services) for the day-to-day management of the waterworks. The operator is responsible for all routine operations of the utility and the Department of Waterworks assumes responsibility for all capital purchases needed to operate the waterworks. Water is provided to residential, commercial, and industrial users. The service area includes incorporated and unincorporated area in Marion, Boone, Hancock, Hamilton, and Shelby counties as well as unincorporated areas of Hendricks and Morgan counties.

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Financial Section



KPMG LLP
Suite 1500
111 Monument Circle
Indianapolis, IN 46204

Independent Auditors' Report

Mr. David P. Reynolds, Controller and the Audit Committee
City of Indianapolis, Indiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the City of Indianapolis, Indiana (City), a component unit of the Consolidated City of Indianapolis–Marion County, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis Housing Agency, an enterprise fund, and the discretely presented component unit, which represent 100 percent of the Indianapolis Housing Agency enterprise fund and 100 percent of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianapolis Housing Agency enterprise fund and the discretely presented component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, of the City of Indianapolis, Indiana, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 1.X, the January 1, 2009 beginning net assets of the Indianapolis Housing Agency enterprise fund have been restated to properly reflect a liability for a loss contingency that was deemed probable with an amount of loss reasonably estimated. The previously issued Indianapolis Housing Agency enterprise fund report dated July 2, 2009, which was audited by other auditors, should not be relied on because the previously issued financial statements were materially misstated.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 15, the budgetary comparison information and notes to required supplementary information on pages 96, and 100 through 102, and the schedules of funding progress and employer contributions on pages 97 through 99 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules — other supplementary information on pages 103 through 144 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the Introductory and the Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

Indianapolis, Indiana
July 20, 2010

Management's Discussion and Analysis

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2009

This section of the City of Indianapolis's (City) Comprehensive Annual Financial Report presents an analysis of the City's financial activities for the year ended December 31, 2009 based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report, along with the City's financial statements, including the footnotes that follow the basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's assets exceeded its liabilities at December 31, 2009 by \$723.0 million. Included in this net asset amount is a \$506.3 million unrestricted deficit due mainly to an unfunded net pension obligation.
- Governmental activities had net assets of \$717.8 million and business-type activities had net assets of \$5.1 million.
- On a government-wide basis, for 2009, the City's total expenses were \$1,186.1 million or \$158.3 million more than the \$1,027.8 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2009, the City's governmental funds reported combined ending fund balances of \$581.9 million. Of this amount, \$226.1 million was unreserved and available for spending at the City's discretion.
- The unreserved fund balance for the general fund was \$162.6 million or 30% of total general fund expenditures.
- The general fund revenues were \$111.9 million lower than original budget estimates.
- In 2009, the City issued \$229.1 million in governmental activities debt which included \$171.7 million to refund general obligation and revenue bonds, \$47.8 million draw downs of State Revolving Fund debt, and \$1.8 million governmental activities notes. There was a net increase of \$31.7 million, or 2% in bond debt for governmental activities during 2009.
- In 2009, the City issued \$563.8 million in business-type activities debt which refunded outstanding revenue bonds and provided funds to terminate related swap agreements.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements

The first set of financial statements are the government-wide statements, which report information about the City as a whole using accounting methods similar to those used by private sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets and how they have changed. In the government-wide statements, a distinction is made between governmental activities and business-type activities. Governmental activities are those normally associated with the operation of a government, such as public safety, parks, and streets. Business-type activities are those activities of the government that are designed to be self-supporting. The City's government-wide financial statements also include a discretely presented component unit, Partners for Affordable Housing. The remaining discussions and analysis focuses on the primary government only.

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The **Statement of Net Assets** presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

The **Statement of Activities** presents information showing how the City's net assets changed during the year. All current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the City and the extent to which they are supported by charges for services, grants and contributions, taxes, and investment income. The governmental activities of the City include: general government, public safety, public works, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City include Waterworks and Housing Agency.

Fund Financial Statements

The second set of financial statements is fund financial statements, which provide information about groupings of related accounts, which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. The funds of the City can be divided into the following three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

1. *Governmental Funds*. Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, revenue debt service fund, and sanitary district capital projects fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements as supplementary information.

2. *Proprietary Funds*. Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Waterworks and the Housing Agency.
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers' compensation, auto liability, high deductible health insurance, and public liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds, and indemnities.
3. *Fiduciary Funds*. Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

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Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund, and required supplementary information pertaining to the City's progress in funding its obligation to provide pension and postretirement benefits to its employees.

Additional Supplementary Information

The combining statements provide subfund-level detail for the general fund and fund-level detail for all nonmajor governmental funds, internal service funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually budgeted funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets at December 31, 2009 and 2008 were \$723.0 million and \$882.4 million, respectively. Looking at the net assets of governmental and business-type activities separately provides additional information.

Schedule of Net Assets
December 31, 2009 and 2008
(dollars in thousands)

	Governmental activities 2009	Governmental activities 2008	Business-type activities 2009	Business-type activities 2008	Total 2009	Total 2008
Assets:						
Current and other assets	\$ 878,957	\$ 873,004	\$ 385,170	\$ 447,976	\$ 1,264,127	\$ 1,320,980
Capital assets, net of accumulated depreciation	1,967,988	1,991,933	633,293	580,204	2,601,281	2,572,137
Total assets	2,846,945	2,864,937	1,018,463	1,028,180	3,865,408	3,893,117
Liabilities:						
Long-term liabilities	1,901,046	1,848,694	953,417	888,890	2,854,463	2,737,584
Other liabilities	228,083	211,251	59,905	61,842	287,988	273,093
Total liabilities	2,129,129	2,059,945	1,013,322	950,732	3,142,451	3,010,677
Net assets:						
Invested in capital assets, net of related debt	920,186	963,536	92,683	91,984	1,012,869	1,055,520
Restricted	214,479	195,743	1,956	12,812	216,435	208,555
Unrestricted (deficit)	(416,849)	(354,287)	(89,498)	(27,348)	(506,347)	(381,635)
Total net assets	\$ 717,816	\$ 804,992	\$ 5,141	\$ 77,448	\$ 722,957	\$ 882,440

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ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$723.0 million in 2009 as compared to \$882.4 million for the previous year.

The largest portion of the City's net assets reflects its investments of \$1.0 billion in capital assets (e.g., net book value of land, buildings, equipment, and infrastructure), less related outstanding debt used to acquire those assets. The 2008 balance was \$1.1 billion. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the City's total net assets is \$216.4 million, versus \$208.6 million in 2008, which represents resources that are subject to external restrictions on how they may be used.

All net assets generated by governmental activities are either externally restricted, restricted by enabling legislation, or invested in capital assets. Consequently, unrestricted governmental net assets showed a \$416.8 million deficit at the end of the year as compared to a \$354.3 million deficit for the prior year. This deficit does not mean the City does not have resources available to pay its bills. Rather, it is the result of having long-term commitments that are greater than currently available resources, mainly net pension obligation of \$384.3 million for police and firefighters hired before May 1, 1977.

Unrestricted net assets of the business-type activities were \$89.5 million deficit at the end of the year as compared to a \$27.3 million deficit for the prior year. The increase in net asset deficit was due primarily to higher interest expense on variable rate debt. In addition, Waterworks terminated interest rate swaps, which resulted in a \$48.0 million termination payment.

Changes in net assets. The City's total revenue on a government-wide basis for 2009 was \$1,027.8 million and \$1,033.3 million for 2008. Taxes represent 41% of the City's revenue (45% for 2008). There was a \$26.7 million increase in property taxes, mainly due to the increase in revenue for Tax Increment Financing Districts. There was a decrease in County Option Income Tax of \$70.7 million due to a decrease in income tax collections (due to the economy) and a budgetary decision to direct taxes to Marion County rather than the City as originally contemplated in 2008. Another 34% of revenue (32% in 2008) came from fees charged for services, and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues. The increase in grants and contributions was due to an increase in contributions from the State of Indiana towards the cost of the pre-1977 pension plan, which the State agreed to fund 100% beginning January 1, 2009. The increase in charges for services was primarily due to a one-time receipt from the termination of a solid waste agreement with a third party contractor.

The total cost of all programs and services was \$1,186.1 million for 2009 (\$1,020.6 million for 2008). The City's expenses cover a range of typical city/county services. The increase in expenses was due primarily to swap termination payments of \$77.0 million and \$22.0 million in losses on sales of capital assets. There was also an increase of \$39.7 million in public works expenses due to a write-down of construction in progress of \$12.1 million for engineering because of a change in design, \$15.0 million in project expenses related to the City's sewer overflow improvements that were not capitalizable, and a \$12.0 million change in stormwater expense classification, which in the prior year was classified as public safety expense.

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Schedule of Changes in Net Assets
For the Year Ended December 31, 2009 and 2008
(dollars in thousands)

	Governmental activities 2009	Governmental activities 2008	Business-type activities 2009	Business-type activities 2008	Total 2009	Total 2008
Revenues:						
Program revenues						
Charges for services	\$ 224,047	\$ 202,592	\$ 129,602	\$ 126,543	\$ 353,649	\$ 329,135
Operating grants and contributions	137,557	107,546	46,252	51,415	183,809	158,961
Capital grants and contributions	32,637	31,167	6,023	12,601	38,660	43,768
General revenues:						
Property tax	274,655	247,908	—	—	274,655	247,908
Other taxes	151,154	220,958	—	—	151,154	220,958
Other general revenues	20,310	27,742	5,590	4,823	25,900	32,565
Total revenues	<u>840,360</u>	<u>837,913</u>	<u>187,467</u>	<u>195,382</u>	<u>1,027,827</u>	<u>1,033,295</u>
Expenses:						
General government	60,044	34,652	—	—	60,044	34,652
Public safety	395,465	382,716	—	—	395,465	382,716
Public works	267,286	227,589	—	—	267,286	227,589
Health and welfare	5,112	5,354	—	—	5,112	5,354
Culture and recreation	33,506	34,296	—	—	33,506	34,296
Urban redevelopment and housing	34,813	30,594	—	—	34,813	30,594
Economic development and assistance	28,491	26,247	—	—	28,491	26,247
Interest	74,039	73,774	—	—	74,039	73,774
Swap termination payment	28,780	—	—	—	28,780	—
Waterworks	—	—	195,340	146,488	195,340	146,488
Housing Agency	—	—	63,230	58,928	63,230	58,928
Total expenses	<u>927,536</u>	<u>815,222</u>	<u>258,570</u>	<u>205,416</u>	<u>1,186,106</u>	<u>1,020,638</u>
Change in net assets	(87,176)	22,691	(71,103)	(10,034)	(158,279)	12,657
Net assets, beginning of year, as originally reported	804,992	782,301	77,448	91,322	882,440	873,623
Prior period adjustment	—	—	(1,204)	(3,840)	(1,204)	(3,840)
Net assets, beginning of year, as restated	<u>804,992</u>	<u>782,301</u>	<u>76,244</u>	<u>87,482</u>	<u>881,236</u>	<u>869,783</u>
Net assets, ending	<u><u>\$ 717,816</u></u>	<u><u>\$ 804,992</u></u>	<u><u>\$ 5,141</u></u>	<u><u>\$ 77,448</u></u>	<u><u>\$ 722,957</u></u>	<u><u>\$ 882,440</u></u>

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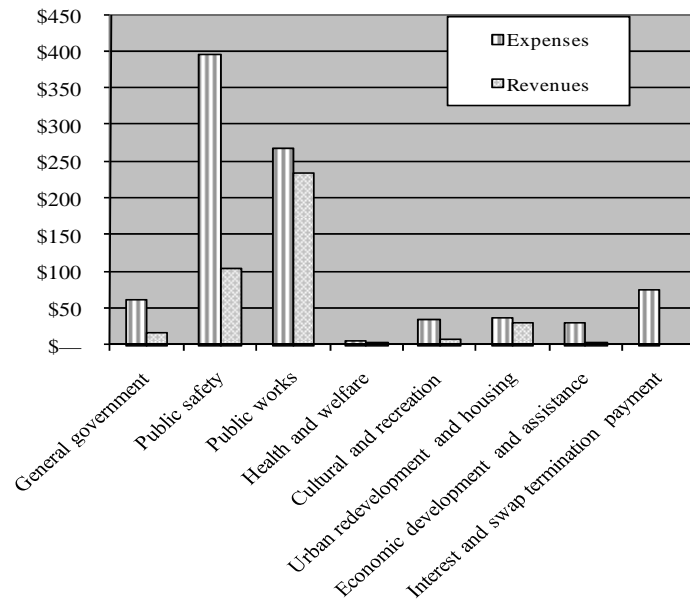
Governmental activities. Governmental activities decreased the City's net assets by \$87.2 million compared to an increase of \$22.7 million in the prior year. This was mainly due to the reduction of County Option Income Tax revenues of \$70.7 million and the swap termination payment of \$28.8 million. The City also recognized an increase in the unfunded postemployment benefit obligation of \$17.0 million.

Total expenses for governmental activities for 2009 were \$927.5 million, an increase of \$112.3 million from the prior year mainly due to a one-time swap termination payment of \$28.8 million and an increase of public works expenses of \$39.7 million. In addition, there was a loss on disposal of capital assets for \$22.0 million. Public safety expenses also increased due to a \$12.0 million increase in the postemployment benefit and net pension obligations.

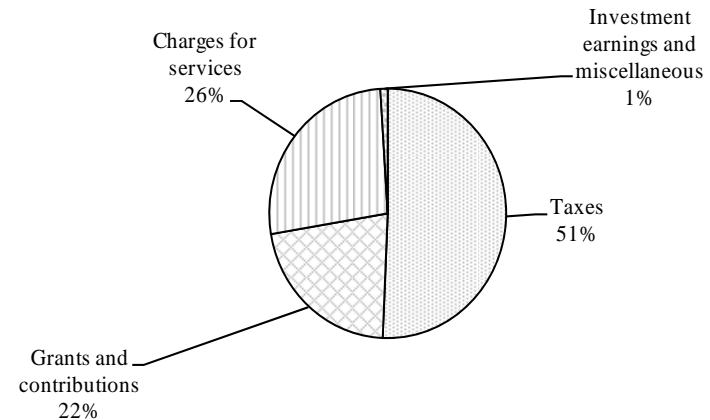
See page 23 for various other items contributing to the \$87.2 million decrease in net assets versus the \$130.7 million increase in fund balances.

The following charts provide the City's governmental program revenues and expenses by function and revenues by source for 2009. As shown, public safety is the largest function in expense. General revenues such as property tax are not shown by program, but are included in the revenues by source chart to show their significance. Taxes are used to support program activities city-wide.

Expenses and Program Revenues – Governmental Activities
(in millions)



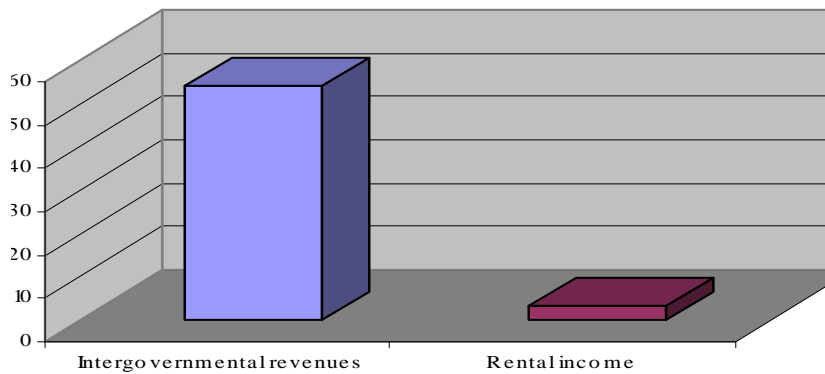
Revenues by Source - Governmental Activities



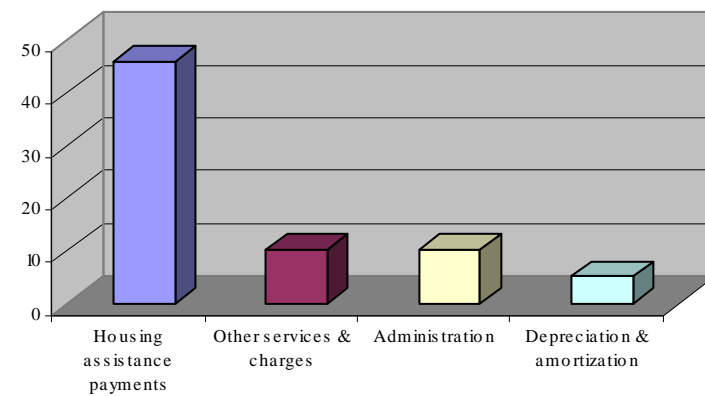
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Business-type activities. For the Housing Agency, operating revenues were \$4.1 million and operating expenses were \$63.1 million including depreciation of \$3.3 million. Nonoperating revenues included \$46.3 million of intergovernmental revenues and \$0.1 million of interest expense. Capital contributions were \$4.0 million. Operating revenues for the Waterworks were primarily from the sale of water of \$125.5 million. Capital contributions were \$2.0 million. In 2009, \$50.2 million was paid to a third-party contractor to operate the system. Other operating expenses included payments in lieu of taxes, increases in the outstanding liability for postretirement benefits, depreciation and amortization, and other miscellaneous costs totaling \$45.6 million. Nonoperating expenses include \$51.2 million for interest expense and \$48.0 million for swap termination payments.

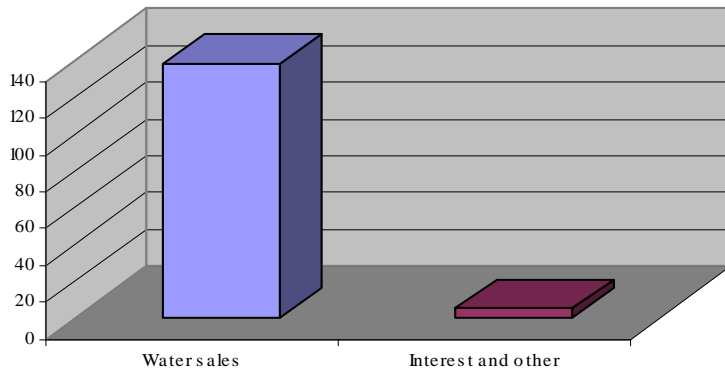
Housing Agency Revenues
(in millions)



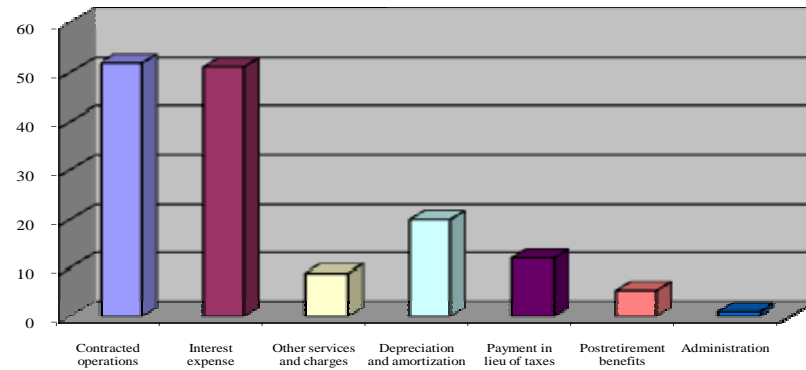
Housing Agency Expenses (in millions)



Waterworks Revenue (in millions)



Waterworks Expense (in millions)



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FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on inflows and balances of resources that are available for spending. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2009, the unreserved fund balance of the general fund was \$162.6 million (as compared to \$83.3 million in 2008), while the total general fund balance was \$211.4 million (as compared to \$117.2 million in 2008). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 27% of total general fund expenditures and transfers out of \$592.0 million (as compared to 14% and \$613.5 million for 2008), while total fund balance represents 36% (19% for 2008) of total general fund expenditures and transfers out. The fund balance in the City's general fund increased by \$94.2 million or 80% from the prior year fund balance mainly due to the ability to recognize tax revenues in 2009 that had to be deferred in prior year due to the revenue recognition rules (i.e. availability period).

The revenue debt service fund ended the year with a \$193.2 million fund balance (as compared to \$109.5 million in 2008) reserved for debt service. The fund balance for the revenue debt service fund increased by \$83.7 million due to an increase in property tax revenues of \$14.0 million that was deferred in 2008 because of the revenue recognition rules (i.e. availability period). There was also a \$35.0 million increase in property tax increment revenues due to the districts performing better than in the prior year. In addition, amounts were added to cash for debt service reserve as part of a 2009 refunding. The sanitary district capital projects fund ended the year with an unreserved fund balance of \$38.3 million (\$79.6 million in 2008) and a total fund balance of \$112.4 million (\$129.0 million in 2008). The sanitary district capital projects fund balance decreased primarily due to the spend-down off Sanitary Revolving Fund (SRF) funds for construction of various sewer projects including addressing the issues of the combined sewer overflow problems within the district.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, the unrestricted net asset was \$107.8 million (deficit) (\$45.5 million (deficit) in 2008) for the Waterworks, and \$18.3 million (\$18.2 million for 2008) for the Housing Agency. The increase in the deficit for Waterworks was primarily due to swap termination payments of \$48.0 million. The internal service funds, which are used to account for certain risk management governmental activities, had \$0.3 million in unrestricted net assets at year-end (\$3.7 million in 2008).

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for police and firefighters hired before May 1, 1977. At the end of 2009, the net assets of these pension funds were \$1.3 million, which represents an increase of \$1.3 million in total net assets during the year. Effective January 1, 2009, all pension payments are funded by the State of Indiana. No further funding is required by the City.

The City is the custodian of certain agency funds, and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets. At the end of 2009, the combined gross assets of the agency funds totaled \$17.4 million (\$16.5 million in 2008). This amount comprises activity from the following agency funds: Sanitation 15 Year Law, UAL Personal Property, E-911 Allocation, DPS Retiree Health Insurance, IPD Confiscated Cash, and Other.

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General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any additional supplemental appropriations during the year. It does not include encumbrances carried over from the prior year. In 2009, there was a \$2.1 million reduction of appropriations to the original general fund budget consisting primarily of \$2.0 million for public safety.

Excluding prior year encumbrances, the original general fund expenditures budget for 2009 was \$505.0 million. The final general fund expenditures budget was \$502.9 million. Actual expenditures were \$492.0 million. Of the total \$11.0 million underspent from the final budget, \$0.9 million was in public safety, \$4.0 million was in public works, \$0.8 million was in health and welfare, \$0.5 was in culture and recreation, \$0.7 million was in urban redevelopment and housing, \$0.5 was in economic development and assistance, \$5.8 million was in capital expenditures, and \$2.2 million was overspent in general government. General revenues and other financing sources were originally estimated at \$562.1 million, final estimated at \$537.5 million, and the actual was \$450.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$2.6 billion in capital assets at December 31, 2009 (net of accumulated depreciation of \$3.2 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$29.1 million.

Schedule of Capital Assets
Net of Depreciation
December 31, 2009 and 2008
(dollars in thousands)

	Governmental activities 2009	Governmental activities 2008	Business-type activities 2009	Business-type activities 2008	Total 2009	Total 2008
Land	\$ 45,791	\$ 65,122	\$ 37,416	\$ 35,535	\$ 83,207	\$ 100,657
Construction in progress	133,055	147,140	90,760	41,017	223,815	188,157
Buildings	396,088	407,624	29,137	32,902	425,225	440,526
Improvements	81,854	82,949	—	—	81,854	82,949
Equipment	60,305	50,259	15,811	15,682	76,116	65,941
Infrastructure	1,250,895	1,238,839	460,169	455,068	1,711,064	1,693,907
Total	<u>\$ 1,967,988</u>	<u>\$ 1,991,933</u>	<u>\$ 633,293</u>	<u>\$ 580,204</u>	<u>\$ 2,601,281</u>	<u>\$ 2,572,137</u>

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Major capital asset additions in 2009 for governmental activities included:

- \$90.7 million of additions to construction in progress, principally infrastructure and equipment. Reductions to construction in progress were \$104.8 million. \$11.9 million of additions to buildings, principally fire stations from the Perry Township and Indianapolis Fire Department merger and wastewater treatment facilities.
- \$24.4 million of additions to equipment, principally for public safety and public works vehicles.
- \$102.0 million of additions to infrastructure, principally \$52.5 million for sewers and drains and \$36.7 million for streets, curbs, and sidewalks.

Donated capital assets for governmental activities were \$28.8 million, principally infrastructure. Depreciation expense for 2009 for governmental activities was \$131.5 million. Additionally, \$22.0 million of land was disposed at a loss and total impairments of construction in progress were recorded in the amount of \$13.9 million of which \$12.1 million was due to the write-off of design costs for a project due to the City's selection of a more cost effective solution for the correction of the combined sewer overflow problem.

Major capital asset additions for Waterworks were \$67.1 million of net additions to the water distribution and treatment system (including construction in progress), which included \$2.0 million of contributed capital assets.

At December 31, 2009, the City had commitments related to ongoing capital asset construction projects of \$164.3 million.

See note 7 to the financial statements for more information regarding capital assets.

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Long-term Debt

At the end of 2009, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$1.90 billion, compared to \$1.85 billion at December 31, 2008, as shown below:

Schedule of Long-term Debt Obligations (dollars in thousands)			
	December 31, 2009	December 31, 2008	% Change
Governmental activities:			
Serial bonds payable	\$ 293,756	\$ 319,441	(8.0) %
Tax increment bonds payable	517,964	490,169	5.7
Revenue bonds	590,715	572,965	3.1
Loss on refunding	(7,874)	(6,864)	14.7
Deferred discounts	(450)	(467)	(3.6)
Deferred premiums	23,980	11,165	114.8
Long-term notes payable	25,816	27,384	(5.7)
Net pension obligation	384,278	381,538	0.7
Postemployment benefit obligation	43,196	26,191	64.9
Compensated absences	28,531	26,266	8.6
Settlements payable	1,134	906	25.2
Total	<u>\$ 1,901,046</u>	<u>\$ 1,848,694</u>	<u>2.8 %</u>
Business-type activities:			
Housing Agency	\$ 3,525	\$ 2,851	23.6 %
Waterworks	949,892	886,039	7.2
Total	<u>\$ 953,417</u>	<u>\$ 888,890</u>	<u>7.3 %</u>

The increase in unfunded net pension obligation reflects that the pay-as-you-go pension plan is not funded and continues to grow each year.

During 2009, the City increased, by \$15.7 million, the draws against eleven prior years' Sanitary District revenue bond issues under the State of Indiana Wastewater Loan Program. The outstanding balance of draws on these twelve bonds at December 31, 2009 was \$437.5 million.

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In August 2009, the City issued General Obligation Refunding Bonds, Series 2009 A in the total amount of \$5.6 million. The proceeds from the sale of the Series 2009 A Bonds were used to provide funds to defease and currently refund all of the Redevelopment District, Sanitary District, and Flood Control District outstanding Series 1995 B bonds issued December 1, 1995.

In September 2009, the City issued Redevelopment District Refunding Bonds, Series 2009 A and Taxable Refunding Bonds, Series 2009 B in the total amount of \$166.1 million. The proceeds from the sale of the Series 2009 Refunding Bonds were used to provide funds to redeem the outstanding Redevelopment District 2002 Series A Bonds in the amount of \$128.2 million, provide funds for several debt service accounts, and provide funds to terminate swap agreements in the amount of \$28.8 million.

In August 2009, the Waterworks issued Revenue Refunding Bonds, Series 2009 A in the amount of \$563.8 million. The proceeds were used to refund the Waterworks 2004 A, 2005 G, and 2005 H series bonds with outstanding principal in the total amount of \$483.5 million. Proceeds were also used to pay amounts associated with early termination of related interest rate swaps in the amount of \$48.0 million.

In July 2009, the City issued Sanitary District Revenue Bonds of 2009, Series E, in the amount of \$32.1 million. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment.

During 2007, the City implemented the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement 45). At December 31, 2009, the net postemployment healthcare benefit obligation was \$43.2 million.

See note 10 to the financial statements for more information regarding long-term debt.

Bond ratings. The City's general obligation bonds are rated AAA by Standards & Poor's, Aa1 by Moody's, and AA+ by Fitch. The City's other debt, principally revenue bonds and notes, are rated AAA based on credit insurance or rated to reflect the creditworthiness of the supporting revenue. The Waterworks outstanding debt was rated A3 by Moody's, AA- by Standards & Poor's, and A- by Fitch at December 31, 2009. As of the date of the issuance of these financial statements, the bond ratings of the City are Aaa by Moody and AAA by Fitch. All other bond ratings are unchanged from December 31, 2009.

Limitations on debt. The state limits the amount of general obligation debt the City can issue to varying percents of assessed value, by taxing district, as shown in the statistical section. The City's outstanding debt is well below the limit in each case.

Short-term Debt

In 2009, \$162.0 million of notes were issued in anticipation of property tax revenues. Due to continuing issues with assessed valuation, tax bills were delayed in 2008 as well as 2009. In 2009, first half taxes were due and payable to the Treasurer in November 2009. Second half of 2009 bills were sent to taxpayers in November 2009 with a due date of February 2010. In April 2010, tax anticipation warrants in the amount of \$56.6 million were repaid. The remaining property tax anticipation notes will be repaid in full by December 31, 2010.

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ECONOMIC FACTORS AND THE 2010 BUDGET

- The 2010 original budget for all annually budgeted funds, except revenue debt service funds, was \$806.8 million. Revisions of \$50.2 million have been made through June 2010.
- The 2010 general fund original budget was \$554.0 million, an increase of 9.7% from the 2009 original general fund budget of \$505.0 million. Revisions (additions) of \$29.9 million have been made through June 2010.
- The City appropriated \$18.2 million from the unreserved general fund balance at December 31, for spending in fiscal year 2010.
- Unemployment rates were as follows:

	May 2010	May 2009
City of Indianapolis	9.0%	8.2%
State of Indiana	10.0%	10.6%
United States	9.7%	9.4%

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the City of Indianapolis, Office of Finance and Management, 200 East Washington Street, Suite 2222, Indianapolis, Indiana 46204.

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Basic Financial Statements

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2009
(In thousands)

	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Partners for Affordable Housing
ASSETS				
Equity in pooled cash	\$ 295,829	\$ 13,403	\$ 309,232	\$ 1,682
Cash and investments with fiscal agents	261,178	—	261,178	—
Investments	119,689	1,914	121,603	—
Accrued interest receivable	381	97	478	—
Property taxes receivable	99,997	—	99,997	—
Accounts receivable, less allowance for uncollectibles	58,666	14,510	73,176	7
Due from federal and state governments	7,983	1,356	9,339	80
Due from primary government	—	—	—	432
Internal balances	20,754	(20,754)	—	—
Other assets	—	204	204	34
Long-term receivables, less allowance for uncollectibles	1,321	31,030	32,351	172
Restricted assets	—	101,428	101,428	1,179
Deferred bond and note issuance costs	12,938	16,537	29,475	—
Net pension asset	221	—	221	—
Deferred charges	—	623	623	—
Deferred charge – postretirement benefits	—	26,780	26,780	—
Capital assets:				
Land	45,791	37,416	83,207	898
Infrastructure, net of accumulated depreciation	1,250,895	460,169	1,711,064	—
Other capital assets, net of accumulated depreciation	538,247	44,948	583,195	18,027
Construction in progress	133,055	90,760	223,815	202
Intangible assets, net of accumulated amortization	—	198,042	198,042	—
Total assets	\$ 2,846,945	\$ 1,018,463	\$ 3,865,408	\$ 22,713

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2009
(In thousands)

	Primary Government			Component Unit
	Governmental	Business-type		Partners for
	activities	activities	Total	Affordable Housing
LIABILITIES				
Accounts payable and other current liabilities	\$ 96,487	\$ 12,472	\$ 108,959	\$ 307
Accounts payable – restricted assets	—	20,845	20,845	—
Accrued interest payable	28,623	981	29,604	526
Due to component unit	—	432	432	—
Unearned revenue	7,067	3,424	10,491	—
Customer deposits	—	95	95	25
Payments in lieu of taxes	—	21,656	21,656	—
Tax anticipation warrants	95,906	—	95,906	—
Other liabilities	—	—	—	5
Long-term liabilities:				
Due within one year	105,738	6,151	111,889	34
Due in more than one year	1,795,308	947,266	2,742,574	6,605
Total liabilities	2,129,129	1,013,322	3,142,451	7,502
NET ASSETS				
Invested in capital assets, net of related debt	920,186	92,683	1,012,869	12,488
Restricted for:				
Capital projects	18,465	—	18,465	—
Debt service	130,800	—	130,800	—
Restricted for Section 8 vouchers	—	1,956	1,956	—
Other purposes by grantors	4,027	—	4,027	—
Other purposes by contributor – nonexpendable	376	—	376	—
Statutory restrictions	60,811	—	60,811	—
Unrestricted (deficit)	(416,849)	(89,498)	(506,347)	2,723
Total net assets	\$ 717,816	\$ 5,141	\$ 722,957	\$ 15,211

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Activities
Year ended December 31, 2009
(In thousands)

Functions/Programs	Program revenues				Net (expense) revenue and changes in net assets			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government			Component Unit
					Governmental activities	Business-type activities	Total	Partners for Affordable Housing
Governmental activities:								
General government	\$ 60,044	\$ 14,816	\$ 1,556	\$ —	\$ (43,672)	\$ —	\$ (43,672)	\$ —
Public safety	395,465	20,135	74,660	9,196	(291,474)	—	(291,474)	—
Public works	267,286	176,591	34,421	22,089	(34,185)	—	(34,185)	—
Health and welfare	5,112	375	1,625	—	(3,112)	—	(3,112)	—
Cultural and recreation	33,506	4,645	1,372	1,056	(26,433)	—	(26,433)	—
Urban redevelopment and housing	34,813	7,187	22,654	—	(4,972)	—	(4,972)	—
Economic development and assistance	28,491	298	1,269	296	(26,628)	—	(26,628)	—
Swap termination payment	28,780	—	—	—	(28,780)	—	(28,780)	—
Interest	74,039	—	—	—	(74,039)	—	(74,039)	—
Total governmental activities	927,536	224,047	137,557	32,637	(533,295)	—	(533,295)	—
Business-type activities:								
Waterworks	195,340	125,501	—	2,045	—	(67,794)	(67,794)	—
Housing Agency	63,230	4,101	46,252	3,978	—	(8,899)	(8,899)	—
Total business-type activities	258,570	129,602	46,252	6,023	—	(76,693)	(76,693)	—
Total	\$ 1,186,106	\$ 353,649	\$ 183,809	\$ 38,660	(533,295)	(76,693)	(609,988)	—
Component Unit								
Partners for Affordable Housing	\$ 2,308	\$ 2,116	\$ 633	\$ 4,863				5,304
Total component units	\$ 2,308	\$ 2,116	\$ 633	\$ 4,863				5,304
General revenues:								
Taxes:								
Property tax					274,655	—	274,655	—
Wheel tax					13,549	—	13,549	—
County option income tax					117,764	—	117,764	—
Other taxes					19,841	—	19,841	—
Grants and contributions not restricted by function					11,916	—	11,916	—
Investment earnings not restricted by function					3,625	5,559	9,184	12
Miscellaneous					4,769	31	4,800	38
Total general revenues					446,119	5,590	451,709	50
Change in net assets					(87,176)	(71,103)	(158,279)	5,354
Net assets, beginning of year, as previously reported					804,992	77,448	882,440	9,857
Prior period adjustment (Note 1.X)					—	(1,204)	(1,204)	—
Net assets, beginning of year, as restated					804,992	76,244	881,236	9,857
Net assets, ending					\$ 717,816	\$ 5,141	\$ 722,957	\$ 15,211

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Balance Sheet – Governmental Funds
December 31, 2009
(In thousands)

	General	Revenue Debt Service	Sanitary District Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash	\$ 163,033	\$ 57,113	\$ 15,555	\$ 53,231	\$ 288,932
Cash and investments with fiscal agents	308	129,872	104,854	26,015	261,049
Investments	66,297	22,988	6,261	21,367	116,913
Accrued interest receivable	206	66	28	73	373
Property taxes receivable	50,774	32,642	—	16,581	99,997
Accounts receivable, less allowance of \$7,319	53,626	28	39	4,958	58,651
Due from other funds	25,801	—	—	—	25,801
Due from federal and state governments	126	—	—	7,857	7,983
Long-term receivables	21	—	—	1,300	1,321
Total assets	<u>\$ 360,192</u>	<u>\$ 242,709</u>	<u>\$ 126,737</u>	<u>\$ 131,382</u>	<u>\$ 861,020</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 23,448	\$ —	\$ 26,951	\$ 50,399
Matured interest payable	—	11,913	—	8,625	20,538
Accounts payable and other accrued liabilities	29,321	14,105	14,295	8,338	66,059
Accrued payroll and payroll taxes	23,948	—	—	104	24,052
Tax anticipation warrants	85,942	—	—	9,964	95,906
Due to other funds	—	—	—	3,015	3,015
Deferred revenue	9,620	3	—	9,490	19,113
Total liabilities	<u>148,831</u>	<u>49,469</u>	<u>14,295</u>	<u>66,487</u>	<u>279,082</u>
Fund balances:					
Reserved for:					
Long-term receivables	21	—	—	1,300	1,321
Encumbrances	48,738	—	74,108	21,595	144,441
Debt service	—	193,240	—	16,809	210,049
Unreserved, reported in:					
General fund	162,602	—	—	—	162,602
Special revenue funds	—	—	—	184	184
Debt service funds	—	—	—	(1,930)	(1,930)
Capital project funds	—	—	38,334	26,561	64,895
Permanent fund	—	—	—	376	376
Total fund balances	<u>211,361</u>	<u>193,240</u>	<u>112,442</u>	<u>64,895</u>	<u>581,938</u>
Total liabilities and fund balances	<u>\$ 360,192</u>	<u>\$ 242,709</u>	<u>\$ 126,737</u>	<u>\$ 131,382</u>	<u>\$ 861,020</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Reconciliation of the Balance Sheet for Governmental Funds
to the Statement of Net Assets
December 31, 2009
(In thousands)

Amounts reported for governmental activities in the statement of net assets (page 17) are different because:

Fund balances – total governmental funds (page 19)	\$ 581,938
Capital assets not reported in the fund statements (note 7)	1,967,988
Net assets of internal service funds	283
Internal service fund accounts payable reclassified to long-term liabilities in the statement of net assets	1,134
Long-term liabilities not in the fund statements (note 20)	(1,850,647)
Deferred revenues in the fund statements not in the statement of net assets	12,046
Net pension asset not recorded in the fund statements	221
Deferred bond and note issuance costs not in the fund statements	12,938
Accrued interest payable not in the fund statements	(8,085)
Net assets of governmental activities (page 17)	\$ <u>717,816</u>

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2009
(In thousands)

	<u>General</u>	<u>Revenue Debt Service</u>	<u>Sanitary District Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 342,734	\$ 117,726	\$ —	\$ 96,356	\$ 556,816
Licenses and permits	11,887	—	—	—	11,887
Charges for services	198,385	—	—	2,432	200,817
Intergovernmental revenues	110,482	423	—	41,223	152,128
Intragovernmental revenues	3,338	—	—	—	3,338
Traffic violations and court fees	8,609	—	—	4,993	13,602
Interest and other operating revenues	6,492	2,470	544	4,872	14,378
Total revenues	<u>681,927</u>	<u>120,619</u>	<u>544</u>	<u>149,876</u>	<u>952,966</u>
Expenditures:					
Current:					
General government	21,127	—	—	715	21,842
Public safety	307,085	—	—	45,705	352,790
Public works	132,495	—	—	763	133,258
Health and welfare	3,158	—	—	1,770	4,928
Cultural and recreation	24,640	—	—	791	25,431
Urban redevelopment and housing	9,589	—	—	20,504	30,093
Economic development and assistance	1,565	—	—	22,743	24,308
Debt service:					
Redemption of bonds and notes	1,184	44,248	—	33,175	78,607
Interest on bonds and notes	1,298	46,835	—	20,122	68,255
Swap termination payment	—	28,780	—	—	28,780
Bond and note issuance costs	—	2,555	90	113	2,758
Advance refunding escrow	—	350	—	299	649
Operating lease payments and administration	25	508	—	14,634	15,167
Capital outlays	41,406	—	64,787	32,561	138,754
Total expenditures	<u>543,572</u>	<u>123,276</u>	<u>64,877</u>	<u>193,895</u>	<u>925,620</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>138,355</u>	\$ <u>(2,657)</u>	\$ <u>(64,333)</u>	\$ <u>(44,019)</u>	\$ <u>27,346</u>

(Continued)

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2009
(In thousands)

	<u>General</u>	<u>Revenue Debt Service</u>	<u>Sanitary District Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources and (uses):					
Sales of capital assets	\$ 645	\$ —	\$ —	\$ —	\$ 645
Bonds and notes issued	—	37,675	47,802	1,804	87,281
Premium on bonds and notes issued	—	15,266	—	185	15,451
Refunding bonds issued	—	128,425	—	5,350	133,775
Payment to refunded bond escrow agent	—	(128,425)	—	(5,350)	(133,775)
Transfers in	3,589	38,478	—	17,038	59,105
Transfers out	(48,385)	(5,029)	—	(5,691)	(59,105)
Total other financing sources and (uses)	<u>(44,151)</u>	<u>86,390</u>	<u>47,802</u>	<u>13,336</u>	<u>103,377</u>
Net change in fund balances	94,204	83,733	(16,531)	(30,683)	130,723
Fund balances at beginning of year	117,157	109,507	128,973	95,578	451,215
Fund balances at end of year	<u>\$ 211,361</u>	<u>\$ 193,240</u>	<u>\$ 112,442</u>	<u>\$ 64,895</u>	<u>\$ 581,938</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended December 31, 2009

(In thousands)

Amounts reported for governmental activities in the statement of activities (page 18) are different because:

Net change in fund balances – total governmental funds (page 22)	\$ 130,723
Depreciation expense reported in the statement of activities but not in the fund statements	(131,501)
Capital expenditures reported in the fund statements but reported as additions to capital assets in the statement of activities	115,812
Donations of capital assets not recorded in the fund statements	28,765
Loss on disposal of capital assets not recorded in the fund statements	(37,021)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the fund statements	12,046
Revenues in the fund statements but not in the current year statement of activities due to the current financial resources focus of the governmental funds	(154,112)
Bond and notes issued, including deferred premiums, reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities (note 20)	(236,507)
Bond and note principal payments, including payments to bond escrow agent, reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities (note 20)	213,031
Net loss of internal service funds reported with governmental activities	(3,379)
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements	1,857
Increase in compensated absences, which is not reported in the fund statements	(2,265)
Increase in net pension asset, which is not reported in the fund statements	3
Amortization of bond and note issuance costs reported in the statement of activities but not in the fund statements, as these amounts are reported when debt is issued	(1,206)
Capital appreciation bond interest expense, which is reported as interest accretes for the statement of activities but not the fund statements, as there is no cash outflow	(8,004)
Current year bond and note issuance costs, which are deferred and amortized for the statement of activities but reported when paid in the fund statements	2,758
Accrued interest on bonds and notes payable through December 31, 2009 reported as expenses in the statement of activities but not the fund statements, net of matured interest payable	(8,085)
Accrued interest at December 31, 2008 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year	9,654
Increase in the postemployment benefit obligation, which is not reported in the fund statements	(17,005)
Increase in net pension obligation, which is not reported in the fund statements	(2,740)
Change in net assets of governmental activities (page 18)	\$ <u>(87,176)</u>

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds
December 31, 2009
(In thousands)

	Business-type activities – Enterprise Funds			Governmental
	Waterworks	Housing Agency	Total	activities – Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash	\$ —	\$ 13,403	\$ 13,403	\$ 6,897
Cash and investments with fiscal agents	—	—	—	129
Investments	—	1,914	1,914	2,776
Accrued interest receivable	97	—	97	8
Accounts receivable, less allowance for uncollectibles	14,401	109	14,510	15
Current portion of long-term note receivable	922	—	922	—
Due from federal and state governments	—	1,356	1,356	—
Other assets	—	204	204	—
Total current assets	15,420	16,986	32,406	9,825
Noncurrent assets:				
Long-term notes receivable	20,013	10,095	30,108	—
Restricted cash and cash equivalents	85,778	2,638	88,416	—
Restricted investments	13,012	—	13,012	—
Deferred charges	623	—	623	—
Bond issuance costs	16,537	—	16,537	—
Deferred charge – postretirement benefits	26,780	—	26,780	—
Capital assets:				
Land	18,107	19,309	37,416	—
Infrastructure, net of accumulated depreciation	460,169	—	460,169	—
Other capital assets, net of accumulated depreciation	14,594	30,354	44,948	—
Construction in progress	87,034	3,726	90,760	—
Intangible assets, net of accumulated amortization	198,042	—	198,042	—
Total noncurrent assets	940,689	66,122	1,006,811	—
Total assets	\$ 956,109	\$ 83,108	\$ 1,039,217	\$ 9,825

(Continued)

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds
December 31, 2009
(In thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total	
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 9,613	\$ 2,470	\$ 12,083	\$ 7,510
Accounts payable – restricted assets	20,845	—	20,845	—
Due to other governmental units	—	129	129	—
FSS escrow, current	—	319	319	—
Accrued payroll and payroll taxes	20	369	389	—
Customer deposits	—	95	95	—
Leases payable, current portion	—	154	154	—
Interest payable	973	8	981	—
Compensated absences, current	—	22	22	—
Short-term notes payable	1,667	—	1,667	—
Short-term revenue bonds payable	3,860	—	3,860	—
Payments in lieu of taxes	21,656	—	21,656	—
Unearned revenue	—	3,424	3,424	—
Due to other funds	20,754	—	20,754	2,032
Due to component unit	—	432	432	—
Total current liabilities	<u>79,388</u>	<u>7,422</u>	<u>86,810</u>	<u>9,542</u>
Noncurrent liabilities:				
Compensated absences	—	213	213	—
FSS escrow, net of current	—	270	270	—
Due to other governmental units	—	1,720	1,720	—
Lease payable, long-term portion	—	698	698	—
Customer advances	15,081	—	15,081	—
Accumulated postretirement benefit obligation	70,049	—	70,049	—
Long-term revenue bonds payable	859,235	—	859,235	—
Total noncurrent liabilities	<u>944,365</u>	<u>2,901</u>	<u>947,266</u>	<u>—</u>
Total liabilities	<u>1,023,753</u>	<u>10,323</u>	<u>1,034,076</u>	<u>9,542</u>
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	40,146	52,537	92,683	—
Restricted for Section 8 vouchers	—	1,956	1,956	—
Unrestricted	(107,790)	18,292	(89,498)	283
Total net assets (deficit)	<u>\$ (67,644)</u>	<u>\$ 72,785</u>	<u>\$ 5,141</u>	<u>\$ 283</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended December 31, 2009
(In thousands)

	Business-type activities – Enterprise Funds			Governmental activities –
	Waterworks	Housing Agency	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Water sales pledged as security for revenue bonds	\$ 125,501	\$ —	\$ 125,501	\$ —
Rental income	—	3,203	3,203	—
Charges to other funds	—	—	—	11,146
Other	—	898	898	—
Total operating revenues	<u>125,501</u>	<u>4,101</u>	<u>129,602</u>	<u>11,146</u>
Operating expenses:				
Contracted operations	50,231	—	50,231	—
Housing assistance payments	—	44,073	44,073	—
Payments in lieu of taxes	11,776	—	11,776	—
Postretirement benefits	5,132	—	5,132	—
Other services and charges	8,129	7,832	15,961	—
Claims	—	—	—	13,320
Administration	688	7,902	8,590	1,255
Depreciation and amortization	<u>19,839</u>	<u>3,304</u>	<u>23,143</u>	<u>—</u>
Total operating expenses	<u>95,795</u>	<u>63,111</u>	<u>158,906</u>	<u>14,575</u>
Operating income (loss)	<u>29,706</u>	<u>(59,010)</u>	<u>(29,304)</u>	<u>(3,429)</u>
Nonoperating revenues (expenses):				
Intergovernmental revenues	—	46,252	46,252	—
Interest income	5,012	547	5,559	50
Interest expense	(51,169)	(119)	(51,288)	—
Swap termination payment	(47,978)	—	(47,978)	—
Amortization of bond issuance costs	(398)	—	(398)	—
Gain on sale of capital assets	55	—	55	—
Other revenues (expenses)	<u>—</u>	<u>(24)</u>	<u>(24)</u>	<u>—</u>
Total nonoperating revenues (expenses)	<u>(94,478)</u>	<u>46,656</u>	<u>(47,822)</u>	<u>50</u>
Loss before contributions	<u>(64,772)</u>	<u>(12,354)</u>	<u>(77,126)</u>	<u>(3,379)</u>
Capital contributions	<u>2,045</u>	<u>3,978</u>	<u>6,023</u>	<u>—</u>
Changes in net assets	(62,727)	(8,376)	(71,103)	(3,379)
Net assets, beginning of year, as previously reported	(4,917)	82,365	77,448	—
Prior period adjustment (note 1.X)	—	(1,204)	(1,204)	—
Net assets, beginning of year, as restated	<u>(4,917)</u>	<u>81,161</u>	<u>76,244</u>	<u>3,662</u>
Total net assets, ending	<u>\$ (67,644)</u>	<u>\$ 72,785</u>	<u>\$ 5,141</u>	<u>\$ 283</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2009
(In thousands)

	Business-type activities – Enterprise Funds			Governmental activities –
	Waterworks	Housing Agency	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities:				
Rental receipts	\$ —	\$ 3,183	\$ 3,183	\$ —
Receipts from users	—	—	—	11,139
Other operating receipts (payments)	(1,700)	908	(792)	—
Receipts from water sales	126,926	—	126,926	—
Receipts from interfund services provided	738	—	738	—
Cash payments to employees	(624)	(6,639)	(7,263)	—
Cash payments to suppliers of goods and services	(54,474)	(7,967)	(62,441)	(10,452)
Housing assistance payments	—	(44,073)	(44,073)	—
Payments in lieu of taxes	(12,939)	—	(12,939)	—
Payments for postretirement benefits	(2,165)	—	(2,165)	—
Tenant security and other deposits	—	(3)	(3)	—
Net cash provided by (used in) operating activities	55,762	(54,591)	1,171	687
Cash flows from noncapital financing activities:				
Advances from other funds	20,368	—	20,368	—
Intergovernmental revenues received	—	48,777	48,777	—
Net cash provided by noncapital financing activities	20,368	48,777	69,145	—
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(66,292)	(4,275)	(70,567)	—
Nonoperating expense, net	—	(24)	—	—
Contributions in aid of construction	589	3,232	3,821	—
Proceeds from sales of capital assets	55	—	55	—
Receipts on long-term note receivable	1,082	—	1,082	—
Proceeds of issuance of revenue bonds	549,193	—	549,193	—
Proceeds of issuance of bond anticipation notes	35,000	—	35,000	—
Interest paid on capital debt	(105,021)	(51)	(105,072)	—
Payments on revenue bonds	(8,525)	—	(8,525)	—
Payments to bond escrow agent	(483,763)	—	(483,763)	—
Payments on notes payable	(217)	—	(217)	—
Payments on bond anticipation notes	(35,000)	—	(35,000)	—
Payments on capital leases	—	(178)	(178)	—
Debt issuance costs paid	(12,437)	—	(12,437)	—
Net cash used in capital and related financing activities	\$ (125,336)	\$ (1,296)	\$ (126,608)	\$ —

(Continued)

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2009
(In thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total Enterprise Funds	
Cash flows from investing activities:				
Long-term receivables issued	\$ (1,832)	\$ (106)	\$ (1,938)	\$ —
Proceeds from repayment of loan	—	2,070	2,070	—
Sales and maturities of investments	552	—	552	2,163
Investment purchases	(13,012)	(37)	(13,049)	(2,776)
Interest on cash and investments	5,114	242	5,356	50
Net cash provided by (used in) investing activities	(9,178)	2,169	(7,009)	(563)
Net increase (decrease) in cash and cash equivalents	(58,384)	(4,941)	(63,301)	124
Cash and cash equivalents, beginning of year	144,162	20,982	165,144	6,902
Cash and cash equivalents, end of year	85,778	16,041	101,843	7,026
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	29,706	(59,010)	(29,304)	(3,429)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	19,839	3,304	23,143	—
Provision for uncollectible accounts	(138)	—	(138)	—
Change in assets and liabilities:				
Accounts receivable	2,040	(20)	2,020	(7)
Other assets	—	10	10	—
Deferred charge – postretirement benefit	(7,395)	—	(7,395)	—
Accounts payable and other accrued liabilities	4,102	1,091	5,193	4,123
FSS escrow	—	(19)	(19)	—
Accrued payroll and payroll taxes	6	111	117	—
Compensated absences	—	(74)	(74)	—
Customer deposits	(2,246)	16	(2,230)	—
Payments in lieu of taxes	(1,163)	—	(1,163)	—
Customer advances	546	—	546	—
Due to other funds	103	—	103	—
Accumulated postretirement benefit obligation	10,362	—	10,362	—
Net cash provided by (used in) operating activities	\$ 55,762	\$ (54,591)	\$ 1,171	\$ 687
Supplemental cash flow information:				
Noncash transactions:				
Contributions of capital assets	\$ 2,045	\$ —	\$ 2,045	\$ —

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2009
(In thousands)

	Police and Firefighters Pension Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash	\$ 1,377	\$ 13,221
Investments (U.S. government agencies)	—	3,989
Accrued interest receivable	—	8
Accounts receivable	—	193
	<u>1,377</u>	<u>17,411</u>
Total assets	<u><u>1,377</u></u>	<u><u>17,411</u></u>
LIABILITIES		
Accounts payable and other accrued liabilities	91	\$ 17,411
	<u>91</u>	<u>17,411</u>
Total liabilities	<u><u>91</u></u>	<u><u>17,411</u></u>
NET ASSETS		
Held in trust for pension benefits	\$ <u><u>1,286</u></u>	

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2009
(In thousands)

	Police and Firefighters Pension Trust Funds
ADDITIONS	
State of Indiana pension subsidy received from the General Fund	\$ 57,550
	<u>57,550</u>
Contributions:	
Plan members	<u>5</u>
Total additions	<u>57,555</u>
DEDUCTIONS	
Benefits	<u>56,269</u>
Total deductions	<u>56,269</u>
Change in plan net assets	1,286
Net assets – beginning	<u>—</u>
Net assets – ending	<u>\$ 1,286</u>

The accompanying notes are an integral part of the financial statements.

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CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis (“City”), located in Marion County, Indiana, was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act, adopted by the 1969 Indiana General Assembly, and Marion County (“County”) were unified (“Consolidated City”). Their form of service delivery was consolidated and certain of the City’s service boundaries were extended to generally coincide with those of the County. Four other municipalities located within the County boundaries are specifically excluded from most functions of the Consolidated City by the consolidating act.

The City operates under an elected Mayor/City-County Council (29 members) form of government and provides the following services: public safety (police and fire), culture and recreation, community development and welfare (including planning and zoning), highways and streets, environmental service (sanitary solid waste collection and disposal, sewerage, and wastewater treatment), water delivery systems, and general administrative services. In addition, the City has responsibility over the operations of the public housing facilities, although the financial and operating records are maintained outside of the City’s financial reporting systems.

The City’s financial reporting entity has been determined in accordance with governmental accounting standards defining the reporting entity and identifying entities to be included in its basic financial statements. The Indianapolis Housing Agency (Enterprise Fund) (“Housing Agency”), which is legally part of the City, is responsible for the management, operation, maintenance, and administration of public housing and public housing projects. The Housing Agency has a separate Board of Commissioners, which comprises nine members. The Mayor appoints five members while the City-County Council appoints two members. The remaining two members are appointed from the family housing community and one from the senior community. The Housing Agency has established a nonprofit entity, Partners for Affordable Housing, Inc. (“PAH”), which is legally separate from the Housing Agency and which is exempt from federal income tax under Section 501(c)(3). The purpose of PAH is to foster low-income housing in and around Indianapolis. PAH has as its sole member the Housing Agency, and its board consists of six members, two of which are Housing Agency board members. PAH is presented as a discrete component unit as it is a legally separate, tax-exempt entity whose relationship with the primary government meets the direct benefit, access, and significance criteria. The Housing Agency and PAH issue separate financial statements, which can be obtained by writing to Indianapolis Housing Agency, 1919 North Meridian Street, Indianapolis, IN 46202.

For financial reporting purposes, the City is considered to be a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity (unified government, commonly referred to as “Unigov”), as defined by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. The elected officials, the Mayor and the City-County Council (“Council”), serve as the executive and legislative body, respectively, for both the City and the County. The City is considered a legally separate organization for which its elected officials are financially accountable. This accountability is evidenced by the elected officials’ ability to: (a) approve the budget of the City; (b) veto, override, or modify the budget; and (c) establish tax levies. Additionally, the Mayor appoints the City’s deputy mayors and the City’s department directors subject to the approval of the Council, and also appoints the City Controller and Corporation Counsel. Other agencies included in the Consolidated City of Indianapolis – Marion County reporting entity, but not in the City’s financial statements, include: Marion County, Health and Hospital Corporation of Marion County, Indianapolis Airport Authority, Indianapolis Public Transportation Corporation, Indianapolis – Marion County Public Library, and Capital Improvement Board of Managers. In addition, the Indianapolis – Marion County Building Authority is considered a joint venture of the City and the County and is not included in the City’s financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its discretely presented component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied, and the rates are certified in the subsequent year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this basis of accounting, revenues are recognized as they become susceptible to accrual; generally, as soon as, they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, including taxes other than property taxes, the City considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, and interest on investments. Bond and notes issued are recorded as other financing sources, along with any related premium or discounts.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- 1) Debt service fund bond principal and interest expenditures due through January 15 are recorded on the preceding December 31. Expenditures related to compensated absences and claims and judgments are recorded only when payment is due (that is, matured).
- 2) Prepaid expenditures are not recorded as an asset in the fund financial statements.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions* ("GASB Statement No. 33"), groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as county option income tax) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. County option income tax held by the State of Indiana is not recorded as revenue until amounts are approved for distribution by the State since the amounts are not estimable until that time. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include taxes such as wheel, auto excise, and financial institutions.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

All proprietary funds, pension trust funds, and the discretely presented component unit financial statements are accounted for using the same measurement focus and basis of accounting as the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except as to the accounting for certain pension costs, as explained in Note 17.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for under the accrual basis of accounting.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *revenue debt service fund* accounts for the resources accumulated and payments made for principal and interest on debt of the Tax Increment Districts and on debt issued for construction of certain City golf courses, sanitary sewers, and for certain other small public works projects.

The *sanitary district capital projects fund* accounts for all the resources accumulated and payments made for construction of sanitary sewers and the advanced wastewater treatment plant.

The City reports the following major enterprise funds:

The *Waterworks enterprise fund* accounts for the activities of the government's water distribution operations. See Note 2 for information on the City's Waterworks operations.

The *Housing Agency enterprise fund* accounts for activities related to the development, acquisition, and administration of low-rent housing units.

Additionally, the City reports the following fund types:

Internal service funds account for the accumulation of resources to provide for the financing of workers' compensation, auto liability, and health self-insurance for all City departments, as well as provide for the centralization of certain payments of awards, refunds, and indemnities.

Fiduciary funds are classified into subgroupings – Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Agency Funds are custodial in nature (assets equal liabilities) and account for monies held on behalf of contractors, retirement boards, the E-911 dispatch program, and for confiscated items related to public safety activities. Pension Trust Funds are those funds held in trust for disbursement to covered employees (see Note 17).

In the government-wide and proprietary fund financial statements, the City applies all applicable GASB pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the City's water function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all local taxes. State-shared revenues, such as cigarette tax, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline tax, in which case they are reported as operating grants and contributions.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Agency enterprise fund, of the Waterworks enterprise fund, and of the government's internal service funds are charges to customers for rents, sales, and services. Operating expenses for enterprise funds and internal service funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Payments in lieu of taxes constitute payment for services provided and are paid to various taxing authorities.

Indirect costs are included as part of the program expenses reported for individual functions and activities.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

D. Effects of Rate Regulation

The City has elected for the Waterworks to continue to be rate-regulated by the Indiana Utility Regulatory Commission ("IURC"). The Waterworks follows the accounting and reporting requirements of Statement of Financial Accounting Standards Statement No. 71, *Accounting for the Effects of Certain Types of Regulation* ("SFAS No. 71"). SFAS No. 71 provides that rate-regulated entities account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the statement of net assets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. Net deferred costs at December 31, 2009 amount to \$719. Additionally, there are certain items that the IURC does not typically consider in establishing rates, such as acquisition adjustment and amortization of intangible assets. See Note 15 regarding contingencies related to these regulatory assets and liabilities.

E. Cash and Investments

Investments are stated at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. At December 31, 2009, the City has \$50,831 invested in TrustIndiana, an external investment pool administered by the State of Indiana. Consistent with the provisions of a 2a-7 like pool as defined by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, the portfolio securities are valued at amortized cost, which approximates fair value. The amortized cost valuation methods involve initially valuing a security at its cost on the date of purchase and thereafter accreting to maturity and discount or amortizing to maturity any premium. The City records its investment in the external pool at its share value. The Indiana Treasurer of State has been designated by State statute as the administrator of the pool and has general oversight over the daily operation of the pool.

When funds pool cash for investments, income from the pooled investments is allocated to the funds based on the participating fund's average daily equity balance.

F. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of March 1 of the previous year, however, see Note 1.L. The tax levy is divided into two billings due on May 10 and November 10 each year.

Noncurrent portions of long-term receivables in the governmental funds are reported on their balance sheets, notwithstanding their measurement focus. The noncurrent portion of the receivables that will ultimately result in the recognition of revenue has been reported as deferred revenue. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts since they are not considered available spendable resources.

Long-term receivables for the Housing Agency relate to grant funded capital projects for affordable, low-income housing. Terms of the loans vary as to due dates, interest rates, security of collateral, and repayment of principal. See Note 6.A for further discussion.

G. Inventory

Inventory of the governmental funds is recorded as expenditure when purchased; it is not recorded on the statement of net assets or the governmental funds balance sheet, as amounts are not considered material.

H. Restricted Assets

Certain proceeds of the Waterworks revenue bonds, as well as certain resources set aside for their repayment, amounting to \$33,315 at December 31, 2009, are classified as restricted assets on the statement of net assets and proprietary fund balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. In addition, certain funds set aside in a grantor trust are restricted for payment of Waterworks postretirement benefits in the amount of \$10,555. Restricted assets at December 31, 2009 also include \$54,920 of unspent Waterworks bond proceeds that are restricted for the construction of certain capital assets.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

Restricted assets of the Housing Agency amounted to \$2,638 at December 31, 2009 and relate to tenant deposits in the amount of \$93, funds held in the Family Self-Sufficiency ("FSS") escrow in the amount of \$589, and overdraws of Section 8 Housing Assistance funds in the amount of \$1,956.

I. Intangible Assets

An intangible asset was recorded in connection with the purchase of the Waterworks (see Note 2), which represents a negotiated amount paid by the City for the right to operate the Waterworks. This original amount of \$245,000 is being amortized on a straight-line basis over 40 years, which approximates the aggregate remaining useful life of the related utility plant assets purchased. Amortization expense during the year amounted to \$6,125. At December 31, 2009, the intangible asset is \$198,042, which is net of accumulated amortization of \$46,958.

J. Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and infrastructure (e.g., streets, bridges, sewers, storm drains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with cost or donated value beyond prescribed levels and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Governmental Activities

The prescribed capitalization levels for governmental activities are:

All land acquired by the City is capitalized. Land improvements of \$25 or greater are capitalized.
All new construction of City buildings is capitalized. Rehabilitation of \$75 or greater is capitalized.
Equipment and vehicles of \$5 or greater are capitalized.

Beginning January 1, 2002, infrastructure projects of \$25 or greater are capitalized. Infrastructure assets acquired before January 1, 2002 have been capitalized if estimated historical cost or donated value was near or above the criteria for major infrastructure as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments* ("GASB Statement No. 34").

Depreciation for governmental activities is calculated using the straight-line method and no salvage value. Depreciation lives are as follows (not in thousands):

Land improvements	30 years individual depreciation
Buildings	50 years individual depreciation
Building improvements	20 years individual depreciation
Equipment and vehicles	3 to 20 years individual depreciation
Streets, curbs, sidewalks, and traffic signals	30 years group depreciation
Bridges	60 years individual depreciation
Sewer and storm mains, manholes, inlets, and culverts	60 years group depreciation
Sewer and storm lift stations	60 years individual depreciation

Business-type Activities

Housing Agency

The prescribed capitalization levels for the Housing Agency enterprise fund are as follows:

Land, buildings, and improvements	\$5
Equipment and vehicles	\$1

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

Depreciation for the Housing Agency enterprise fund is calculated using the straight-line method. Depreciation lives are as follows (not in thousands):

Buildings	25 years individual depreciation
Building and site improvements	20 years individual depreciation
Equipment and vehicles	3 to 7 years individual depreciation

Waterworks

The prescribed capitalization level for the Waterworks enterprise fund is \$5 for all items. Depreciation for the Waterworks enterprise fund is calculated using the straight-line method over the estimated useful life of the various classes of depreciable assets. The group method is used to calculate depreciation, except for vehicles, which are depreciated individually. Depreciation lives (not in thousands) vary widely: e.g., computers 4.72 years and supply mains 35.59 years to 71.94 years. Depreciation of utility plant assets averaged 2% in 2009.

When utility plant in service is retired, except for land and land rights, the accumulated cost of the retired property is credited to utility plant, and such costs, together with the cost of removal less salvage, are charged against accumulated depreciation. If land, land rights, or other equipment are sold, the net gain or loss is included as gain or loss on sale of capital assets.

Property not currently used in utility operations is included in other capital assets.

K. Customer Advances and Contributions in Aid of Construction

The Waterworks allows developers to install or provide for the installation of main extensions, which are to be transferred to the Waterworks upon completion. A portion of the cost of the main extensions and the amount of any funds advanced for the cost of water mains installed are included in customer advances for construction and are refundable over a period of 10 years as new customer hook-ups are attached to the main extensions. The amount refundable for a new hook-up is determined at the time the main extension is completed and is based on a portion of projected utility revenues from the main extension. Advances not refunded within 10 years are transferred to contributed capital. Historically, a portion of customer advances for construction has not been refunded to the developer. Upon purchase of the Waterworks in 2002, the City recorded an amount for customer advances in the amount of \$15,000. This liability was estimated based on amounts outstanding and historical experience of the Waterworks prior to its purchase by the City. At December 31, 2009, total customer advances amount to \$13,829, which includes the remaining original amount recorded upon purchase in addition to customer advances recorded since that date. Additionally, customer accounts receivable that reflect a negative or "credit" balance on December 31, 2009 are also carried as customer advances. The amount of these credit balances at December 31, 2009 was \$1,252.

In addition, the City recorded \$54,318 in contributions in aid of construction, which represents the amount that was recorded by the Waterworks prior to its purchase by the City and must be carried forward under regulatory accounting requirements. Contributions in aid of construction amounted to \$54,338 at December 31, 2009 and are netted against the capital assets balance. This balance is being amortized over the estimated remaining useful life of the related utility plant in service. Amortization expense in 2009 amounted to \$1,736.

L. Property Taxes

Property taxes levied for all governmental entities located within the County are collected by the Treasurer of Marion County, Indiana ("Treasurer"). These taxes are then distributed by the Auditor of Marion County, Indiana ("Auditor") to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The City's 2009 property taxes were levied based on assessed valuations determined by the Auditor as of the 2008 assessed valuations, which were adjusted for estimated appeals, tax credits, and deductions. The lien date for the 2009 property taxes was March 1, 2008 (assessment date); however, the City does not recognize a receivable on the lien date, as the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. However, due to continuing issues with assessed valuations, tax bills were delayed in 2008 as well as 2009. In 2009, first half of the year 2009 taxes were due and payable to the Treasurer in November 2009. Second half of the year 2009 tax bills were sent to taxpayers in November 2009 with a due date of February 2010. Property taxes outstanding at December 31, 2009, net of allowance for uncollectible accounts, are recorded as a receivable in the government-wide financial statements.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

As a result of the property tax issues discussed above, the City received a special distribution of property tax amounts in March 2010 in the amount of \$99,997, which has been recorded as a receivable in the financial statements. The City determined that the continuing delays were highly unusual in nature and the normal revenue recognition pattern of these revenues would be inconsistent with prior years and therefore determined to extend the period of availability period for property taxes for 2009 to be 90 days rather than the customary 60-day period. While the City experienced these delays in the prior year as well, the subsequent year receipts did not occur until approximately 7 months after year-end, and thus, the City followed the customary period of availability period in the prior year financial statements. Property tax revenue, which is included in taxes on the statement of revenues, expenditures, and changes in fund balances was recognized in 2009 as follows:

	Revenue			
	General	Debt Service	Nonmajor	Total
2008 property taxes received in 2009	\$ 56,443	\$ 40,481	\$ 18,553	\$ 115,477
2009 property taxes received in 2009	79,382	42,907	24,139	146,428
2009 property taxes received in 2010	50,774	32,642	16,581	99,997
Total property taxes received	<u>\$ 186,599</u>	<u>\$ 116,030</u>	<u>\$ 59,273</u>	<u>\$ 361,902</u>

M. Deferred and Unearned Revenues

Deferred revenue is reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met. See Note 1.C for further discussion on the City's availability policy.

Unearned revenue, on the other hand, is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements.

N. Unbilled Service Revenues

Operating revenues for the Waterworks include sales of water. These revenues are billed to customers monthly on a cycle basis. Revenues are billed every other month based on meter readings and include a true up for any necessary adjustment for the prior month's estimated billing. Unbilled revenue is recorded based on estimated usage from the date of the latest billing to the end of the accounting period. Unbilled revenues are included in accounts receivable and amounted to \$4,566 at December 31, 2009. Additionally, billings for sewer fees are billed with the water billings and accounted for in the General Fund and are included in accounts receivable and amounted to \$5,294 at December 31, 2009.

O. Risk Management

The City is insured for property and certain liability losses, subject to certain deductible amounts, except that it is self-insured for auto liability, a high deductible health insurance plan, general liability (excluding certain other catastrophes), workers' compensation inpatient services, and services delivered at a site other than that provided for in the workers' compensation agreement. Expenses are recorded when a determinable loss is probable and the amount of the loss can be estimated.

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The change in claims for 2008 and 2009, including an estimate of incurred but not reported claims, is as follows:

	Auto liability reserve	Workers' compensation	Public liability self-insurance	Employee Health Insurance	Total
Unpaid claims, December 31, 2007	\$ 700	\$ 1,310	\$ 2,432	\$ —	\$ 4,442
Incurred claims and changes in estimates	276	3,430	1,102	—	4,808
Claims paid	<u>(326)</u>	<u>(2,747)</u>	<u>(1,176)</u>	<u>—</u>	<u>(4,249)</u>
Unpaid claims, December 31, 2008	650	1,993	2,358	—	5,001
Incurred claims and changes in estimates	534	4,050	3,571	7,674	15,829
Claims paid	<u>(385)</u>	<u>(4,117)</u>	<u>(2,416)</u>	<u>(6,402)</u>	<u>(13,320)</u>
Unpaid claims, December 31, 2009	<u>\$ 799</u>	<u>\$ 1,926</u>	<u>\$ 3,513</u>	<u>\$ 1,272</u>	<u>\$ 7,510</u>

The City has entered into contracts with a company to service its workers' compensation and auto liability claims. Under the terms of the contracts, the City is required to maintain a minimum level of funds in a "loss fund account" with the company for the purpose of paying claims and losses. These amounts are recorded as an asset since the self-insurance risk is not transferred to the service agent. The City records a liability for the estimated outstanding losses at year-end, which includes an accrual for incurred but not reported claims and is included in accounts payable and other current liabilities in the statement of net assets. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The City accounts for the self-insurance programs in internal service funds.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and job-related illnesses or injuries to employees. The City individually handles these risks of loss through combinations of risk retention and commercial insurance.

Beginning in 2009, the City elected to become self-insured for their high deductible health insurance plan that is offered to current and eligible retired employees. There is a \$100 stop-loss coverage for each employee per annum. The City has contracted with a third party to service its health insurance claims. The City records a liability for the estimated outstanding claims at year-end in the self-insurance fund, which is included in accounts payable and other current liabilities in the statement of net assets. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years.

The Housing Agency enterprise fund is a member of the Housing Authority Risk Retention Group, Inc. ("Group"), which provides general liability, public official, and lead-based paint insurance to participating public housing authorities throughout the United States. Coverage provided by general liability is \$5,000 per year with a deductible of \$5 for general liability and \$10 for property claims per occurrence. The risk of participation in the Group is limited to the initial equity contribution of \$90, any subsequent additional equity contribution as determined by the Group's Board of Directors, and the payment of annual premiums for its general liability insurance coverage. The Housing Agency enterprise fund has an investment of \$199 in the Group at December 31, 2009. Although the underwriting experience of the Group may result in increased annual premium charged and/or assessments against each participant's equity contribution account, the exposure to any net loss allocation is restricted to its equity contribution account balance, plus any additional assessment that may be required. Management believes that the number of outstanding claims and potential claims outstanding does not materially affect the financial position of the Housing Agency enterprise fund.

The Waterworks' assets are protected by various insurance policies required to be carried by the contractor operating the facilities. This includes motor vehicle liability, general liability, environmental liability, property damage, and various other coverages. In addition, the City is self-insured for claims arising from damage due to water main breaks. The City pays for such claims as they become due. The City does not believe that any claims to be paid under this coverage are material to the financial statements.

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P. Compensated Absences

City employees earn benefit leave days (in lieu of all vacation, sick, and other accrued leave time), which accumulate to a maximum of 37 days per year, depending on length of service. One hundred seventy-six hours earned benefit leave can be carried forward to subsequent years, and an additional 80 hours can be carried forward upon appropriate approval. Accumulated unused sick leave earned before September 1, 1994 is payable only upon the death or retirement of an employee, and only half the accumulated sick leave is then payable.

The entire cost of benefit and sick leave is recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (i.e., matured) during the year ended December 31, 2009.

Q. Pensions

The City records expenditures for pension obligations as payments are made to pensioners or to the State of Indiana for state-administered plans. The City records pension payments made by the State of Indiana on its behalf as both a revenue and an expenditure. Unfunded pension obligations are recorded in the government-wide statements in the long-term liabilities due in more than one year.

R. Estimates and Uncertainties

The presentation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

S. Interfund Transactions

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated if they occur between funds. Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of the expenditure or expenses of the reimbursed fund. Charges or collections for services rendered by one fund for another fund are recognized as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

T. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances. Encumbrances outstanding at year-end will remain in force and will be liquidated under the current year's budget.

U. Amortization of Bond Costs and Amounts Deferred on Refundings

In the government-wide financial statements and the proprietary fund types in the fund financial statements, bond or note discounts and premiums are recorded as a reduction or addition to the debt obligation, and bond or note issuance costs are recorded as deferred charges. Bond or note discounts and premiums are amortized using the effective-interest method over the term of the related bonds. The deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

V. Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including cash and investments with fiscal agents and restricted assets) with an original maturity of three months or less at the date of purchase.

W. Accounting Treatment for Overdraws of Section 8 Housing Assistance Fund – Housing Agency

In January 2006, the Department of Housing and Urban Development ("HUD") issued notice PIH 2006-03, which, among other things, changed the regulatory reporting requirements for the overdraws of Section 8 voucher funds. Previously, HUD had required that overdraws of Section 8 and any other grants, be presented in financial disclosures as a liability. The Housing

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Agency had presented such overdrafts in prior years financial statements as current liabilities to which subsequent year voucher payments would be charged. Notice PIH 2006-03, and subsequent interpretive guidance issued by HUD, required all public housing agencies with fiscal years ended December 31, 2006 or later report overdrawn Section 8 voucher funds as unrestricted net assets in the Financial Data Schedule filings. The Housing Agency changed its treatment of Section 8 overdrafts in 2006 presenting them as unrestricted net assets. In January 2008, HUD issued Notice PIH 2008-09, which amended 2006-03 to require the presentation of Section 8 overdrafts as restricted net assets. At December 31, 2009, net assets restricted for future Section 8 payments were \$1,956.

The Housing Agency in 2005 and 2007 entered into agreements with HUD to repay Section 8 overdrafts. The Housing Agency and HUD have agreed to follow the repayment plans and exclude the underlying liability from the treatment required by PIH 2006-03.

X. Prior Period Adjustment – Housing Agency

In 2007, the Agency entered into an agreement with HUD to repay Section 8 program administrative fees not utilized in accordance with HUD regulations. The repayment plan calls for reimbursement in the amount of \$1,636 over a ten-year period beginning in 2016. The Agency should have recorded a liability for the present value of future payments due on this obligation in the prior year financial statements. As a result and to correct this error, as of January 1, 2009, beginning net assets decreased and liabilities increased by \$1,204, which is the present value of expected future payments on this obligation.

	<u>Business-type activities</u>		
	<u>Housing Agency</u>		
	<u>As previously reported</u>	<u>Adjustment</u>	<u>As restated</u>
Liabilities	\$ 5,009	\$ 1,204	\$ 6,213
Net assets	82,365	(1,204)	81,161
Total	<u>\$ 87,374</u>	<u>\$ —</u>	<u>\$ 87,374</u>

Y. Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*; Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, and GASB Statement No. 59, *Financial Instruments Omnibus*. The City intends to implement these GASB statements on their respective effective dates.

Z. Net Assets

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

- 1) Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition or construction of those assets.
- 2) Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. Net assets restricted by statutory restrictions represent revenue sources that are required by statute to be expended only for specific purposes.
- 3) Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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2. Waterworks Operations

In the summer of 2000, NiSource, Inc. ("NiSource"), an unrelated third party, indicated its intention to merge with Columbia Energy Group of Virginia. Under federal law regarding the regulation of public utility holding companies, federal regulators ordered NiSource to divest itself of all water utility assets by November 2003. In September 2000, the City petitioned the IURC to begin the process of purchasing the water utility assets of the Indianapolis Water Company ("IWC") and other assets of IWC Resources Corporation ("IWCR") and its subsidiaries.

In November 2001, the City entered into an Asset Purchase Agreement with NiSource and IWCR (its subsidiary) providing for terms and conditions of the City's acquisition of the assets comprising substantially all of IWCR's water utility assets. The Asset Purchase Agreement was finalized and completed on April 30, 2002. The City created the Waterworks Department that in turn acquired substantially all of the assets of IWC and five other smaller subsidiaries of IWCR: (i) Harbour Water Corporation, (ii) Darlington Water Works Company, (iii) Liberty Water Corporation, (iv) IWC Morgan Water Corporation, and (v) Irishman's Run Acquisition Corporation. Irishman's Run Acquisition Corporation was subsequently sold in 2002 to an unrelated party, and Darlington Water Works Company was sold in 2006.

IWC or other subsidiaries of IWCR provide water service in most areas of the City and the County, and portions of the surrounding counties of Boone, Hamilton, Hancock, Hendricks, Montgomery, and Morgan. A total of approximately 305 customers (approximately 1 million people) is served by the Waterworks. Approximately seventy-eight percent (78%) of the customers are located in the County.

The City paid cash of \$380,100 and assumed \$222,897 of NiSource's liabilities, including \$2,500 of IWC preferred stock, in connection with the purchase. The City issued its Waterworks District Net Revenue Bonds, Series 2002 A (Tax-Exempt) and Series 2002 B (Taxable) (collectively referred to as the "Waterworks Series 2002 A and B Bonds") in a total amount of \$580,370 to finance the purchase. The acquisition was accounted for as a purchase, and the results of operations of the Waterworks were included in the City's financial statements from the acquisition date of April 30, 2002. The City liquidated \$119,991 of the assumed liabilities upon issuance of the Waterworks Series 2002 A and B Bonds. As a result of the acquisition, an intangible asset of \$245,000 was recorded, which represents a negotiated amount paid by the City to NiSource for the right to operate the Waterworks. The difference between the purchase price paid for the regulated portion of the Waterworks' assets by the City and the underlying book value of the net assets acquired has been classified as plant acquisition adjustment, which is a separate component of utility plant assets. The plant acquisition adjustment amounted to \$184,195 at the acquisition date and is being amortized over a period of forty (40) years based on the estimated aggregate remaining useful life of the related plant assets.

On March 21, 2002, the City entered into a management agreement with U.S. Filter Operating Services, Inc. During 2004, U.S. Filter Operating Services, Inc. changed its name to Veolia Water Indianapolis, LLC ("Veolia"). Veolia provides the administrative, management, and operational functions of operating the Waterworks. See further information on the management agreement in Note 15. All employees of IWCR became employees of U.S. Filter Operating Services, Inc. (now Veolia) upon completion of the purchase and execution of the management agreement.

The City is in negotiations with Citizens Energy Group to sell the City's water and sewer utilities (see Note 23.C for additional information).

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3. Cash and Investments

A summary of all cash and investments for the primary government at December 31, 2009 including a reconciliation to the financial statement amounts is as follows:

Cash and investments	\$ 430,835
Cash and investments with fiscal agents	261,178
Restricted assets	101,428
Cash and investments – Fiduciary Funds	<u>18,587</u>
Total cash and investments	<u><u>\$ 812,028</u></u>

Due to different management and investing policies, the remaining cash and investment disclosures for the City are presented separately for the primary government excluding the Housing Agency and for the Housing Agency.

Primary Government Excluding Housing Agency

Investments are recorded at fair value. Fair value for investments is determined by closing market prices at year-end. It is the policy of the City to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state/local statutes governing the investment of public funds.

The primary objectives, in priority order, of the City's investment activities shall be:

Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements that might be reasonably anticipated.

Return on Investments: The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

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As of December 31, 2009, funds were invested as follows (excluding Housing Agency):

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	Greater than 10
Federal Farm Credit Bank	\$ 5,000	\$ —	\$ 5,000	\$ —
Federal Home Loan Bank	54,988	4,996	49,992	—
Federal Home Loan Mortgage Corporation	33,557	—	33,557	—
Federal Home Loan Bank Discount	10,000	10,000	—	—
Federal National Mortgage Association	37,000	—	37,000	—
United States Treasury Notes	14,149	2,776	11,373	—
Government Backed:				
Guaranteed Investment Contracts	14,076	—	1,064	13,012
Money Market Funds	157,520	157,520	—	—
Prime Management Market Funds	90,405	90,405	—	—
Repurchase Agreements	53,142	53,142	—	—
Mutual Funds	15,238	15,238	—	—
Commercial Paper	4,656	—	4,656	—
State External Investment Pool - TrustIndiana	50,831	50,831	—	—
	<u>\$ 540,562</u>	<u>\$ 384,908</u>	<u>\$ 142,642</u>	<u>\$ 13,012</u>

States statutes and City investment policies authorize the deposit of funds in financial institutions and trust companies. Investments can be made in obligations of the U.S. government or any agency or instrumentality thereof. All City investments must mature within 2 years from date of investment unless managed by a bank's trust department, and then the maturity length can be longer. Total cash deposits at December 31, 2009 amounted to \$253,511.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. The City's investment policy provides that the City seeks to minimize the risk that the market value of securities in its portfolio will decrease due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Moody's Investor Services. The City uses the highest integrity when choosing an instrument of investment. The City keeps its credit risk as it pertains to investments at a low rate by requiring all investments of the City, which are rated, to be rated in the three highest ratings categories by Moody's Investor Service, Standard & Poor's Corporation, or Fitch's Ratings Service.

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Investments were rated as follows by Moody's, Standard & Poor's, or Fitch's Rating Service at December 31, 2009:

<u>Investment type</u>	<u>Fair value</u>	<u>Rating</u>
Federal Farm Credit Bank	\$ 5,000	AAA
Federal Home Loan Bank	54,988	AAA
Federal Home Loan Mortgage Corporation	33,557	AAA
Federal Home Loan Bank Discount	10,000	AAA
Federal National Mortgage Association	37,000	AAA
United States Treasury Notes	14,149	AAA
Government Backed:		
Guaranteed Investment Contracts	14,076	NOT RATED
Money Market Funds	157,520	AAA
Prime Management Market Funds	90,405	AAA
Repurchase Agreements	53,142	AAA
Mutual Funds	514	AAA
Mutual Funds	14,724	AA
Commercial Paper	4,656	NOT RATED
State External Investment Pool – TrustIndiana	50,831	NOT RATED
	<u>\$ 540,562</u>	

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of the investments, collateral securities, or deposits that are in the possession of the counterparty. The City's investment policy requires that repurchase agreements be covered by adequate pledge collateral. In order to anticipate market changes and provide a level of security for all funds, the fair value (including accrued interest) of the collateral should be at least 102%.

At December 31, 2009, all City investments and all collateral securities pledged against City deposits are held by the counterparty's trust department or agent in the City's name except for \$146,511, which is not held in the City's name.

Concentration of Credit Risk

The City policy provides that the City may invest up to 30% of their investment pool in negotiable certificates of deposit having maturities of less than two years and in multiples of one million dollars providing that market yields on certificates of deposit exceed treasury bills of comparable maturity duration. The City has no investments in certificates of deposit at December 31, 2009.

Housing Agency

The following summarizes the Housing Agency's policy and investment activity:

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Investment Policy and Legal and Contractual Provisions Governing Cash Deposits

In accordance with Section 401(E) of the HUD/PHA Annual Contributions Contract, it is the policy of the Housing Agency to invest its funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow needs of the Housing Agency, and comply with all federal, state, and local statutes or ordinances governing the investment of public funds.

During the year ended December 31, 2009, the Housing Agency held one institutional money market deposit account with AIM Investments. Demand deposits are fully insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposits Insurance Fund.

Credit Risk and Custodial Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that the Housing Agency will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party if the counterparty fails. Deposits are exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution.

The Housing Agency has one institutional money market deposit account valued at \$93 to consider for credit risk and custodial credit risk. The money market account had a Standard & Poor credit rating of AAA, a Moody's credit rating of Aaa, and a Fitch rating of AAA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Housing Agency has one institutional money market deposit account valued at \$93, which represents 7.3% of uninsured deposits and investment accounts. The Agency has one certificate of deposit with a six-month maturity valued at \$1,914 at December 31, 2009.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments. The nature of the Housing Agency's deposits and investments does not present high exposure to interest rate market risks due to their short-term nature.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. All Housing Agency deposits and investments are denominated in U.S. currency.

The Housing Agency maintains cash deposits with area financial institutions. A summary of these deposits at December 31, 2009 is as follows:

	<u>Carrying value</u>
On deposit:	
Insured by FDIC	\$ 251
Insured by Indiana Public Deposits Insurance Fund	<u>15,790</u>
	<u>\$ 16,041</u>

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4. Receivables Disaggregation

Accounts receivable as of year-end for the City, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Accounts</u>	<u>Due from other governments</u>	<u>Other</u>	<u>Total accounts receivable</u>
Governmental activities:				
General	\$ 40,419	\$ 20,359	\$ 167	\$ 60,945
Revenue debt service	—	28	—	28
Sanitary district capital projects	39	—	—	39
Other nonmajor governmental	235	4,492	231	4,958
Internal service	—	15	—	15
Total receivables	<u>40,693</u>	<u>24,894</u>	<u>398</u>	<u>65,985</u>
Allowance for uncollectible accounts	<u>(7,319)</u>	<u>—</u>	<u>—</u>	<u>(7,319)</u>
Total governmental activities	<u>\$ 33,374</u>	<u>\$ 24,894</u>	<u>\$ 398</u>	<u>\$ 58,666</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Business-type activities:				
Waterworks	\$ 16,692	\$ —	\$ —	\$ 16,692
Allowance for uncollectible accounts	<u>(2,291)</u>	<u>—</u>	<u>—</u>	<u>(2,291)</u>
Total receivables	<u>14,401</u>	<u>—</u>	<u>—</u>	<u>14,401</u>
Housing Agency	<u>109</u>	<u>—</u>	<u>—</u>	<u>109</u>
Total business-type activities	<u>\$ 14,510</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,510</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Accounts receivable includes amounts due from other governments which represents COIT and other taxes (excluding property taxes).

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5. Due from Federal and State Governments

Amounts due at December 31, 2009 were as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>
	<u>General</u>	<u>Other nonmajor governmental</u>	<u>Housing Agency</u>
Reimbursements under federal grants from:			
U.S. Department of Housing and Urban Development (HUD)	\$ 25	\$ 3,878	\$ 1,276
U.S. Department of Justice (DOJ)	—	1,043	80
U.S. Department of Transportation (DOT)	11	1,188	—
Federal Emergency Management Agency (FEMA)	—	158	—
U.S. Department of Education (DOE)	—	77	—
U.S. Department of Homeland Security (DHS)	65	1,510	—
Due from State of Indiana grants	25	3	—
	<u>\$ 126</u>	<u>\$ 7,857</u>	<u>\$ 1,356</u>

At December 31, 2009, the City had available lines of credit or grant authorizations from HUD totaling \$15,465.

6. Long-term Receivables

A. Long-term receivables as of December 31, 2009 consist of the following:

Governmental Activities

The City has HUD loans outstanding at December 31, 2009 of \$28,946 including accrued interest of \$5,833. The City has provided a reserve of \$27,625 for these receivables given the uncertainty of collection. Many of these loans bear interest at rates ranging from 0% to 10% and mature over the next 30 years. Generally, principal and interest payments are based upon defined net cash flows and are deferred until sufficient cash flow is available. All deferred principal and interest are due at maturity. Loan repayments to the City are restricted for community and economic development purposes that would otherwise be eligible for reimbursement by HUD under Title I of the Housing and Community Development Act of 1974.

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Housing Agency

The Housing Agency has long-term loans receivable outstanding at December 31, 2009. These loans are a result of grant funded affordable or low-income housing capital projects with fixed interest rates. Noninterest-bearing loans are recorded at present value with a discount that is amortized over the term of the loan.

	Business-type activities						
	Housing Agency						
	Interest rate	Principal	Accrued interest	Unamortized discount	Allowance for loan loss	Net loans receivable	Maturity date
Red Maple Grove Phase I	4.84 %	\$ 347	\$ 109	\$ —	\$ —	\$ 455	6/30/2044
Red Maple Grove Phase IIA – Perm A and B	0.00 - 5.36	3,876	124	(2,678)	—	1,322	12/31/2047
Red Maple Grove Phase IIB – Perm A and B	0.00 - 5.25	4,088	139	(1,737)	—	2,491	12/31/2049
Georgetown IHA Partners II	4.90	5,067	508	—	—	5,575	12/31/2055
Tibbs I	0.00	200	—	—	(100)	100	9/14/2036
Tibbs II	5.74	300	—	—	(150)	150	9/14/2038
Red Maple Grove – Second Mortgages*	0.00	85	—	—	(85)	—	N/A
		<u>\$ 13,963</u>	<u>\$ 880</u>	<u>\$ (4,414)</u>	<u>\$ (335)</u>	<u>\$ 10,094</u>	

* This loan is expected to be forgiven by PAH over five years. Therefore, a provision for loan loss allowance has been recorded for the balance of the loan.

Waterworks

The Waterworks closed an asset purchase agreement with the City of Carmel for certain assets in Clay Township on June 30, 2006. The terms of this agreement called for initial payments of \$350 at closing and \$165 a month for 10 months. The extended payment terms call for a payment of \$900 every six months for the subsequent nineteen years. At December 31, 2009, the net present value of the extended payments due under the terms of this agreement is approximately \$19,830. An effective-interest rate of 4.88% was used to present value the note receivable.

A long-term note receivable with the Brown County Water Utility was acquired as part of the 2002 asset purchase of the Waterworks. At that time, however, the note receivable was not recorded on the Waterworks' financial statements. In 2009, the Waterworks recorded this note receivable as an adjustment to the acquisition adjustment amount recorded within capital assets within the financial statements. See Note 2 for discussion of the acquisition adjustment amount recorded at the time of the purchase of the water utility by the City. The original amount of the note receivable was \$2,250 and represented the cost of the water system modifications made to bring water to Brown County. The payment terms call for monthly payments of \$22 for 25 years through January 2022. At December 31, 2009, the net present value of the extended payments due under the terms of this agreement is \$1,771. An effective-interest rate of 11.0% was used to calculate the present value the note receivable. Brown County Water Utility is contesting the validity of this agreement. Due to the uncertainty of the outcome of this dispute, the Waterworks has elected to establish an allowance for this receivable in the amount \$666 but will undertake all appropriate actions to collect amounts due under the agreement. At December 31, 2009, the note receivable in the net amount of \$1,105 is recorded within long-term notes receivable within the financial statements.

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The future payments to be received under these agreements are as follows.

<u>Year ending December 31</u>	<u>Business-type activities</u> <u>Waterworks</u>
2010	\$ 2,086
2011	2,064
2012	2,064
2013	2,064
2014	2,064
2015 – 2019	10,322
2020 – 2024	9,553
2025	<u>1,800</u>
Total payments	32,017
Less net present value of interest earnings	<u>10,416</u>
	21,601
Less current portion	922
Less allowance	<u>666</u>
Total long-term note receivable	<u><u>\$ 20,013</u></u>

B. Long-term pledge receivable:

As of December 31, 2009, the City had a long-term pledge receivable amount outstanding of \$1,290. This amount is not recorded on the financial statements and represents a \$1,290 pledge receivable for Canal Square. The pledge agreement states that these funds shall be returned to the City only if a sale or refinancing occurs. If either event occurs, the City is entitled to full repayment; however, the City is subordinate to the mortgage and also to the investors (to the extent of their capital contributions).

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7. Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2009:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 65,122	\$ 3,016	\$ 22,347	\$ 45,791
Construction in progress	147,140	90,691	104,776	133,055
	<u>212,262</u>	<u>93,707</u>	<u>127,123</u>	<u>178,846</u>
Capital assets being depreciated:				
Buildings	772,616	11,922	157	784,381
Improvements	151,611	3,469	—	155,080
Equipment	131,877	24,363	7,547	148,693
Infrastructure	3,465,722	102,030	35,343	3,532,409
	<u>4,521,826</u>	<u>141,784</u>	<u>43,047</u>	<u>4,620,563</u>
Less accumulated depreciation:				
Buildings	364,992	23,378	77	388,293
Improvements	68,662	4,564	—	73,226
Equipment	81,618	13,586	6,816	88,388
Infrastructure	2,226,883	89,973	35,342	2,281,514
Total accumulated depreciation	<u>2,742,155</u>	<u>131,501</u>	<u>42,235</u>	<u>2,831,421</u>
Total capital assets being depreciated, net	<u>1,779,671</u>	<u>10,283</u>	<u>812</u>	<u>1,789,142</u>
Governmental activities capital assets, net	<u>\$ 1,991,933</u>	<u>\$ 103,990</u>	<u>\$ 127,935</u>	<u>\$ 1,967,988</u>

Following is a summary of changes in intangible assets for the year ended December 31, 2009 (see Note 1.I for additional information):

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Business-type activities:				
Waterworks				
Intangible asset	\$ 204,167	\$ —	\$ 6,125	\$ 198,042

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	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Business-type activities:				
Waterworks				
Capital assets not being depreciated:				
Land	\$ 17,657	\$ 450	\$ —	\$ 18,107
Construction in progress	41,017	62,630	16,613	87,034
Total capital assets not being depreciated	<u>58,674</u>	<u>63,080</u>	<u>16,613</u>	<u>105,141</u>
Capital assets being depreciated:				
Water distribution and treatment system	903,381	21,087	306	924,162
Equipment	24,214	782	372	24,624
Total capital assets being depreciated	<u>927,595</u>	<u>21,869</u>	<u>678</u>	<u>948,786</u>
Less accumulated depreciation:				
Water distribution and treatment system	233,473	20,193	306	253,360
Equipment	10,170	232	372	10,030
Total accumulated depreciation	<u>243,643</u>	<u>20,425</u>	<u>678</u>	<u>263,390</u>
Less acquisition adjustment	159,355	2,129	5,189	156,295
Less contributions in aid of construction	55,485	589	1,736	54,338
Total capital assets being depreciated, net	<u>469,112</u>	<u>(1,274)</u>	<u>(6,925)</u>	<u>474,763</u>
Total Waterworks	<u>\$ 527,786</u>	<u>\$ 61,806</u>	<u>\$ 9,688</u>	<u>\$ 579,904</u>
Housing Agency				
Capital assets not being depreciated:				
Land	\$ 17,878	\$ 1,431	\$ —	\$ 19,309
Construction in progress	—	3,726	—	3,726
Total capital assets not being depreciated	<u>17,878</u>	<u>5,157</u>	<u>—</u>	<u>23,035</u>
Capital assets being depreciated:				
Buildings	123,618	—	1,001	122,617
Equipment	5,686	162	—	5,848
Total capital assets being depreciated	<u>129,304</u>	<u>162</u>	<u>1,001</u>	<u>128,465</u>
Less accumulated depreciation:				
Buildings	90,716	2,764	—	93,480
Equipment	4,048	583	—	4,631
Total accumulated depreciation	<u>94,764</u>	<u>3,347</u>	<u>—</u>	<u>98,111</u>
Total capital assets being depreciated, net	<u>34,540</u>	<u>(3,185)</u>	<u>1,001</u>	<u>30,354</u>
Total Housing Agency	<u>52,418</u>	<u>1,972</u>	<u>1,001</u>	<u>53,389</u>
Business-type activities capital assets, net	<u>\$ 580,204</u>	<u>\$ 63,778</u>	<u>\$ 10,689</u>	<u>\$ 633,293</u>

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Total depreciation and amortization expense for Waterworks of \$19,839 reported on the proprietary funds statement of revenue, expenses, and changes in fund net assets consists of depreciation expense of \$20,425, amortization expense of \$6,125 for intangible assets, and amortization expense of \$214 of deferred charges and is offset by negative amortization of \$6,925 for the acquisition adjustment and contributions in aid of construction.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$	665
Public safety		12,643
Public works		105,590
Health and welfare		73
Cultural and recreation		5,136
Urban redevelopment and housing		4,314
Economic development and assistance		3,080
	\$	<u>131,501</u>

Business-type activities:

Waterworks	\$	20,425
Housing Agency		3,347
	\$	<u>23,772</u>

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized and amounted to \$1,735 in 2009. Construction in progress at December 31, 2009 consists of several ongoing projects. These types of projects include but are not limited to regulatory upgrades, source water expansion, security upgrades, process improvements, and infrastructure improvements. At December 31, 2009, the City's commitments related to construction in progress are composed of the following:

	<u>Authorized</u>	<u>Accrued expenditures through December 31, 2009</u>	<u>Committed</u>
Department of Parks and Recreation	\$ 5,343	\$ 2,153	\$ 3,190
Metropolitan Emergency Communication Agency	553	553	—
Department of Public Safety	65	65	—
Department of Public Works	225,456	129,991	95,465
Department of Metropolitan Development	1,004	293	711
Total governmental activities	<u>\$ 232,421</u>	<u>\$ 133,055</u>	<u>\$ 99,366</u>
Waterworks	\$ 151,943	\$ 87,034	\$ 64,909
Total business-type activities	<u>\$ 151,943</u>	<u>\$ 87,034</u>	<u>\$ 64,909</u>

Governmental activities – public works expenses include an impairment loss of \$12,078 due to the write-off of design costs in construction in progress, which was due to a selection of a more cost effective solution for the correction of the combined sewer overflow problem.

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8. Accounts Payable and Other Current Liabilities Disaggregation

Accounts payable and other current liabilities as of year-end for the City are as follows:

	<u>Vendors</u>	<u>Third-party contracts</u>	<u>Lilly</u>	<u>Due to other governments</u>	<u>Claims and settlements</u>	<u>Accrued payroll and taxes</u>	<u>Other</u>	<u>Total payables and other current liabilities</u>
Governmental activities:								
General	\$ 24,933	\$ 589	\$ —	\$ 1,798	\$ 167	\$ 23,948	\$ 1,834	\$ 53,269
Revenue debt service	—	—	14,105	—	—	—	—	14,105
Sanitary district capital projects	14,295	—	—	—	—	—	—	14,295
Other nonmajor governmental	5,081	2,701	—	225	—	104	331	8,442
Internal service	—	—	—	—	7,510	—	—	7,510
	<u>44,309</u>	<u>3,290</u>	<u>14,105</u>	<u>2,023</u>	<u>7,677</u>	<u>24,052</u>	<u>2,165</u>	<u>97,621</u>
Adjustment to government-wide	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,134)</u>	<u>—</u>	<u>—</u>	<u>(1,134)</u>
Total governmental activities	<u>\$ 44,309</u>	<u>\$ 3,290</u>	<u>\$ 14,105</u>	<u>\$ 2,023</u>	<u>\$ 6,543</u>	<u>\$ 24,052</u>	<u>\$ 2,165</u>	<u>\$ 96,487</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,105</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 14,105</u>
Business-type activities:								
Waterworks	\$ 30,458	\$ —	\$ —	\$ —	\$ —	\$ 20	\$ —	\$ 30,478
Housing Agency	<u>2,470</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>369</u>	<u>—</u>	<u>2,839</u>
Total business-type activities	<u>\$ 32,928</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 389</u>	<u>\$ —</u>	<u>\$ 33,317</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

The adjustment to government-wide amount of \$1,134 represents a settlement payable that was recorded as an accounts payable in the Internal Service Fund and is shown in long-term liabilities on the government-wide financial statements.

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9. Leases and Other Financing Transactions

A. Lessee Arrangements

1. Capital leases are described in the long-term debt section of the notes to the financial statements (Note 10).
2. Operating leases

The City has entered into various operating leases for rental of equipment and properties. Total rental expense for these operating leases was \$16,225 for governmental activities and \$370 for business-type activities in 2009. The minimum future payments as of December 31, 2009 on these operating leases are as follows:

<u>Year ending December 31</u>	<u>Governmental activities</u>	<u>Business-type activities</u> <u>Housing Agency</u>
2010	\$ 15,996	\$ 247
2011	15,763	—
2012	15,647	—
2013	15,631	—
2014	15,563	—
2015-2019	33,063	—
2020-2024	845	—
2025-2029	328	—
2030-2034	326	—
2035-2039	<u>65</u>	<u>—</u>
Total future payments	\$ <u><u>113,227</u></u>	\$ <u><u>247</u></u>

The City entered into an agreement with the Marion County Convention and Recreational Facility Authority (“MCCRFA”) to lease a portion of land located at the airport over a 25-year term expiring in December 2016. This land was being used for a major aircraft maintenance and overhaul center for United Airlines, Inc. (“United”) prior to United’s bankruptcy filing in 2003. The lease requires the City to make annual payments equal to MCCRFA’s debt service requirements. Lease payments in 2009 amounted to \$14,251.

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B. Lessor Arrangements

The City is the lessor in several operating lease agreements with outside parties. These leases include various properties and portions of property acquired by the City. The cost of the leased property is \$2,655. As of December 31, 2009, the leased property had a carrying amount of \$2,306 and current year depreciation of \$55. These properties are leased for terms generally ranging from 5 to 50 years. Total rental income amounted to \$774 in 2009.

The minimum future rental income to be received as of December 31, 2009 on these operating leases is as follows:

<u>Year ending December 31</u>	<u>Governmental activities</u>
2010	\$ 508
2011	486
2012	411
2013	362
2014	362
2015-2019	1,485
2020-2024	610
2025-2029	610
2030-2034	610
2035-2039	<u>121</u>
Total future receipts	\$ <u><u>5,565</u></u>

C. Other Financing Transactions

City Market:

In 2007, the City renewed its long-term operating lease with the Indianapolis City Market Corporation ("Market"), a not-for-profit organization formed for the purpose of operating the Indianapolis City Market. The lease extends through February 28, 2011 and provides for a five-year renewal option at that time. The Market is to pay an annual rental fee of one dollar, plus 100% of the net cash flow, if any, remaining after the payment of normal costs of operations and maintenance. In 2009, the City was required to contribute additional subsidies to the Market of \$377.

Circle Centre Mall:

In January 1994, the City entered into a long-term operating lease with Circle Centre Development Company, an Indiana general partnership. The lease extends through December 2027 and provides seven options to extend the term for 10 years. No rental payments are due under the lease.

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10. Long-term Liabilities

A. Changes in Long-term Debt

The following is a summary of long-term debt and other long-term liabilities for the year ended December 31, 2009:

	Balance January 1, 2009, as restated (1)	Additions	Reductions	Balance December 31, 2009	Due within one year
Governmental activities:					
Bonds payable:					
General obligation bonds payable	\$ 319,441	\$ 6,733	\$ 32,418	\$ 293,756	\$ 28,946
Tax increment bonds payable	490,169	172,721	144,926	517,964	18,295
Revenue bonds	572,965	47,803	30,053	590,715	30,093
Deferred amounts					
Less: Deferred discounts	(467)	—	(17)	(450)	—
Loss on refunding	(6,864)	(3,298)	(2,288)	(7,874)	—
Plus: Deferred premiums	11,165	15,451	2,636	23,980	—
Total bonds payable	<u>1,386,409</u>	<u>239,410</u>	<u>207,728</u>	<u>1,418,091</u>	<u>77,334</u>
Notes payable	27,384	1,803	3,371	25,816	15,495
Net pension obligation	381,538	58,982	56,242	384,278	—
Postemployment benefit obligation	26,191	18,409	1,404	43,196	—
Compensated absences	26,266	28,354	26,089	28,531	12,796
Settlements payable	<u>906</u>	<u>319</u>	<u>91</u>	<u>1,134</u>	<u>113</u>
Total governmental activities	<u>\$ 1,848,694</u>	<u>\$ 347,277</u>	<u>\$ 294,925</u>	<u>\$ 1,901,046</u>	<u>\$ 105,738</u>
Business-type activities:					
Waterworks:					
Revenue bonds	\$ 843,885	\$ 563,780	\$ 492,010	\$ 915,655	\$ 3,860
Less: Loss on refunding	(57,581)	(46,657)	(43,969)	(60,269)	—
Deferred discounts	—	(14,586)	(49)	(14,537)	—
Plus: Deferred premiums	<u>23,630</u>	<u>—</u>	<u>1,384</u>	<u>22,246</u>	<u>—</u>
Total bonds payable	<u>809,934</u>	<u>502,537</u>	<u>449,376</u>	<u>863,095</u>	<u>3,860</u>
Notes payable	1,884	—	217	1,667	1,667
Customer advances	14,534	1,985	1,438	15,081	—
Unfunded postretirement obligation	59,687	13,833	3,471	70,049	—
Housing Agency:					
Capital leases payable	1,030	—	178	852	154
FSS escrow	608	310	329	589	319
Due to other governmental units	2,108	—	259	1,849	129
Compensated absences	<u>309</u>	<u>—</u>	<u>74</u>	<u>235</u>	<u>22</u>
Total business-type activities	<u>\$ 890,094</u>	<u>\$ 518,665</u>	<u>\$ 455,342</u>	<u>\$ 953,417</u>	<u>\$ 6,151</u>

(1) See Note 1.X for discussion of prior period adjustment for the Housing Agency.

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Included in additions to bonds payable is \$8,004 representing accretion of capital appreciation bonds, which is not included in the statement of revenues, expenditures, and changes in fund balance. That amount plus the \$221,056 of bonds and notes issued on the statement of revenues, expenditures, and changes in fund balance equals the \$229,060 of related additions reflected in the rollforward above.

B. General Obligation Bonds

The City, through the Indianapolis Local Public Improvement Bond Bank, issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with equal amounts of debt service (principal and interest) maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Issue date</u>	<u>Final maturity date</u>	<u>Interest</u>	<u>Outstanding</u>
Civil City Bonds:				
Pension Bonds, Series 2005 A	02/03/2005	01/15/2022	3.790 – 5.280 %	\$ 87,585
Total Civil City Bonds				<u>87,585</u>
Redevelopment District Bonds:				
Redevelopment District of 1993:				
Capital appreciation	03/04/1993	01/01/2013	6.050 – 6.300	23,267
Redevelopment District Refunding Bonds, Series 2009 A	08/04/2009	01/01/2015	2.750 – 4.000	<u>1,480</u>
Total Redevelopment District Bonds				<u>24,747</u>
Sanitary District Bonds:				
Sanitary District of 1993 – 2nd	03/04/1993	01/01/2013	5.700 – 5.900	17,140
Sanitary District of 2003 A Refunding	07/09/2003	01/01/2018	4.500 – 5.500	9,567
Sanitary District of 2007 C Refunding	11/08/2007	01/01/2018	5.000	28,570
Sanitary District of 2007 D Refunding	11/08/2007	01/01/2013	0.000	938
Sanitary District of 2009 A Refunding	08/04/2009	01/01/2015	2.750 – 4.000	<u>2,865</u>
Total Sanitary District Bonds				<u>59,080</u>
Public Safety Comm Systems &				
Computer Facilities District Bonds, Series 1999 A	08/01/1999	01/01/2010	5.000 – 5.200	2,200
Public Safety Comm Systems &				
Computer Facilities District Bonds, Series 2008 B	12/18/2008	01/15/2024	2.350 – 5.600	<u>39,150</u>
Total Public Safety Comm System				<u>41,350</u>

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	<u>Issue date</u>	<u>Final maturity date</u>	<u>Interest</u>	<u>Outstanding</u>
Flood Control District Bonds:				
Flood Control District of 1993 – 2nd	03/04/1993	01/01/2013	5.750 – 5.900 % \$	3,390
Flood Control District Refunding Bonds, Series 2003 A	07/09/2003	01/01/2018	4.500 – 5.250	1,901
Flood Control District Refunding Bonds, Series 2007 A	11/08/2007	01/01/2018	5.000	5,660
Flood Control District Refunding Bonds, Series 2007 B	11/08/2007	01/01/2013	0.000	187
Flood Control District Refunding Bonds, Series 2009 A	08/04/2009	01/01/2015	2.750 – 4.000	1,005
Total Flood Control District Bonds				<u>12,143</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District – 1993 – 2nd	03/04/1993	01/01/2013	5.750 – 5.900	13,065
Metropolitan Thoroughfare District Refunding, Series 2003A	07/09/2003	01/01/2018	4.500 – 5.500	7,290
Metropolitan Thoroughfare District, Series 2003 A	07/09/2003	01/01/2018	4.500 – 5.500	2,080
Metropolitan Thoroughfare District, Series 2007 A	11/08/2007	01/01/2018	5.000	21,770
Metropolitan Thoroughfare District, Series 2007 B	11/08/2007	01/01/2013	0.000	715
Total Metropolitan Thoroughfare District Bonds				<u>44,920</u>
Park District Bonds:				
Park District of 1993 – 2nd	03/04/1993	01/01/2013	5.750 – 5.900	7,305
Park District of 1993 Refunding, Series 2003 A	07/09/2003	01/01/2018	4.500 – 5.500	4,067
Park District Refunding Bonds, Series 2007 A	11/08/2007	01/01/2018	5.000	12,160
Park District Refunding Bonds, Series 2007 B	11/08/2007	01/01/2013	0.000	399
Total Park District Bonds				<u>23,931</u>
Total general obligation bonds recorded in governmental activities				293,756
Less: Matured bonds payable recorded in the debt service funds				<u>(25,211)</u>
			\$	<u><u>268,545</u></u>

All principal and interest payments are due on January 1 and July 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 in the year before payment is due and provides the amount in the Debt Service Funds. All serial bond principal and interest payments due January 1, 2010 have been recorded as matured bonds payable and matured interest payable at December 31, 2009 within the fund financial statements.

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Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31	Redevelopment							
	Civil City		General		Sanitary		Flood Control	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 5,325	\$ 4,193	\$ 6,595	\$ 44	\$ 5,472	\$ 2,878	\$ 1,155	\$ 583
2011	5,545	3,968	6,600	37	5,758	2,587	1,206	523
2012	5,785	3,727	6,605	30	6,047	2,276	1,271	460
2013	6,045	3,468	6,615	23	6,378	1,943	1,341	392
2014	6,325	3,190	260	15	6,725	1,606	1,407	322
2015 - 2019	36,545	11,026	235	5	28,700	2,941	5,763	584
2020 - 2024	22,015	1,769	—	—	—	—	—	—
	87,585	31,341	26,910	154	59,080	14,231	12,143	2,864
Less deferred interest on capital appreciation bonds	—	—	(2,163)	—	—	—	—	—
	\$ 87,585	\$ 31,341	\$ 24,747	\$ 154	\$ 59,080	\$ 14,231	\$ 12,143	\$ 2,864

	Metropolitan Thoroughfare		Park		MECA		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 4,025	\$ 2,231	\$ 2,139	\$ 1,189	\$ 4,235	\$ 1,863	\$ 28,946	\$ 12,981
2011	4,235	2,010	2,257	1,071	2,085	1,751	27,686	11,947
2012	4,465	1,773	2,378	944	2,150	1,688	28,701	10,898
2013	4,707	1,519	2,510	808	2,220	1,618	29,816	9,771
2014	4,969	1,263	2,649	672	2,310	1,528	24,645	8,596
2015 - 2019	22,519	2,345	11,998	1,247	13,245	5,952	119,005	24,100
2020 - 2024	—	—	—	—	15,105	2,162	37,120	3,931
	44,920	11,141	23,931	5,931	41,350	16,562	295,919	82,224
Less deferred interest on capital appreciation bonds	—	—	—	—	—	—	(2,163)	—
	\$ 44,920	\$ 11,141	\$ 23,931	\$ 5,931	\$ 41,350	\$ 16,562	\$ 293,756	\$ 82,224

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On August 4, 2009, the City issued three series of refunding bonds in the total amount of \$5,635 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Refunding Bonds, Series 2009 F in the total amount of \$19,420 of which included \$13,785 of refunding bonds related to entities other than the City. Individual refunding bonds issued were as follows:

- Redevelopment District Refunding Bonds, Series 2009 A issued in the amount of \$1,480 were used to currently refund the Redevelopment District Bonds of 1995 in the amount of \$1,560. The refunding resulted in a reduction of \$183 in future debt service payments and an economic gain (present value of the reduction in debt service payments) of \$165. The reacquisition price was more than the net carrying amount of the refunded debt by \$4. This amount is being netted against the refunding debt and amortized over the life of the refunding debt, which is the same as the life of the refunded debt.
- Sanitary District of 2009 A Refunding Bonds issued in the amount of \$2,865 were used to currently refund the Sanitary District Bonds of 1995 in the amount of \$3,015. The refunding resulted in a reduction of \$350 in future debt service payments and an economic gain (present value of the reduction in debt service payments) of \$314. The reacquisition price was more than the net carrying amount of the refunded debt by \$8. This amount is being netted against the refunding debt and amortized over the life of the refunding debt, which is the same as the life of the refunded debt.
- Flood Control District Refunding Bonds, Series 2009 A issued in the amount of \$1,005 were used to currently refund the Flood Control District Bonds of 1995 in the amount of \$1,060. The refunding resulted in a reduction of \$125 in future debt service payments and an economic gain (present value of the reduction in debt service payments) of \$113. The reacquisition price was more than the net carrying amount of the refunded debt by \$3. This amount is being netted against the refunding debt and amortized over the life of the refunding debt, which is the same as the life of the refunded debt.

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C. Tax Increment Revenue Bonds

These bonds are issued to provide funds for the construction and maintenance of the City's infrastructure, such as streets, sewers, and sidewalks. These bonds will be repaid from amounts levied against the property owners that will benefit by this construction.

	<u>Issue dates</u>	<u>Final maturity dates</u>	<u>Effective interest rates</u>	<u>Balance December 31, 2009</u>
Redevelopment District 1991:				
Interest bearing	04/01/1991	02/01/20	6.000 %	\$ 20,755
Capital appreciation	04/24/1991	02/01/14	7.100 – 7.250	12,295
Less discount				(1,708)
				<u>10,587</u>
Redevelopment District 1992	04/01/92	02/01/14	6.750 – 6.800	<u>66,920</u>
Redevelopment District 1999 Series B:				
Interest bearing	07/15/99	02/01/11	4.700 – 5.000	1,955
Capital appreciation	08/12/99	02/01/29	5.650 – 5.820	241,640
Less discount				(135,566)
				<u>106,074</u>
Redevelopment District 2002 Series B	12/19/02	02/01/29	3.900 – 5.000	<u>29,365</u>
Redevelopment District 2004 Series A	07/08/04	02/01/28	3.300 – 5.400	<u>12,290</u>
Redevelopment District 2004 Series A, Junior Subordinate	10/28/04	02/01/19	variable rate	<u>1,353</u>
Redevelopment District 2004 Series B	10/28/04	08/01/14	variable rate	<u>6,825</u>
Redevelopment District 2004 Series C	10/28/04	02/01/16	variable rate	<u>17,600</u>
Redevelopment District 2007 Series A	12/13/07	02/01/21	4.000 – 4.125	<u>8,435</u>
Redevelopment District 2007 Series (Ameriplex)	12/28/07	02/01/23	6.200	<u>5,005</u>
Redevelopment District 2007 Series (Glendale)	05/10/07	02/01/27	5.450 – 6.210	<u>5,250</u>
Redevelopment District 2008 Series B	05/08/08	02/01/38	3.250 – 5.000	<u>59,450</u>
Redevelopment District 2009 Series A	09/02/09	02/01/20	3.000 – 5.000	<u>145,780</u>
Redevelopment District 2009 Series B	09/02/09	02/01/15	1.790 – 3.800	<u>20,320</u>
Total Tax Increment Revenue Bonds				<u>\$ 517,964</u>

All principal and interest payments are due on January 15 and July 15, February 1 and August 1 of the respective year. Accordingly, the City appropriates all payments due on January 15 and February 1 in the year before payment is due and provides the amount in the Debt Service Funds. All Tax Increment Bond principal and interest payments due January 15, 2010 have been recorded as matured bonds payable and matured interest payable at December 31, 2009 in the fund financial statements.

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The City has previously issued its Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds, Series 2004 A and Series 2004 B in the amount of \$14,600 and \$13,985, respectively, to the Indianapolis Local Public Improvement Bond Bank, which issued its related Taxable Refunding Notes of 2004, Series A and Series B in the amount of \$14,600 and \$13,985, respectively. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon the London InterBank Offering Rate Index ("LIBOR") plus 110 basis points. The Indianapolis Local Public Improvement Bond Bank can select either the 30-day LIBOR, 60-day LIBOR, or 90-day LIBOR prior to each interest period. On December 31, 2009, the interest rate on the Series A was 1.384% and was based on the 30-day LIBOR. The interest rate on the Series 2004 B on December 31, 2009 was 1.334% and was based on the 30-day LIBOR.

The City has previously issued its Redevelopment District Bonds, 2004 Series C in the amount of \$17,600 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Notes of 2004, Series C in the amount of \$17,600. Interest is variable and is calculated on an actual/360-day basis. Interest is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon LIBOR plus 110 basis points. The Indianapolis Local Public Improvement Bond Bank can select either the 30-day LIBOR, 60-day LIBOR, or 90-day LIBOR prior to each interest period. On December 31, 2009, the interest rate on the Series C was 1.334% and was based on the 30-day LIBOR.

Under the Redevelopment District 1991 Series A Tax Increment Bond, if the distributions from the Tax Increment Financing ("TIF") portion of the bond were not sufficient to make payments on the note, Eli Lilly and Company ("Lilly") agreed to pay the City for the difference. The City is liable to repay this amount back to Lilly from any excess money earned from the tax increment portion of the bond. Once the bond has matured, if there still remains an outstanding balance owed to Lilly, the City will repay the balance at this time with interest of the same rate as on the applicable bonds. As of December 31, 2009, the City owes \$10,142 to Lilly as reimbursement for these payments; additionally, \$3,963 represents interest on this amount, and the entire amount of \$14,105 has been recorded as accounts payable in the statement of net assets and governmental funds balance sheet.

On September 2, 2009, the City issued the Redevelopment District Refunding Bonds, Series 2009 A and the Taxable Refunding Bonds, Series 2009 B in the total amount of \$166,100 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Refunding Bonds, Series 2009 B and 2009 C in the total amount of \$166,100. The proceeds from the sale of the bonds were used to (i) redeem all of the outstanding Redevelopment District 2002 Series A Bonds in the amount of \$128,210, (ii) provide funds for several debt service reserve funds, (iii) provide funds to terminate swap agreements, and (iv) pay certain costs of issuance. Total payments to terminate swap agreements associated with the refunded bonds amounted to \$28,780.

The above refunding was undertaken to terminate the swap agreements and issue fixed cost debt. The refunding resulted in a reduction of \$29,146 in future debt service payments and an economic gain (present value of the reduction in debt service payments) of \$26,717. The reacquisition price was more than the net carrying amount of the refunded debt by \$3,283. This amount is being netted against the refunding debt and amortized over the life of the refunding debt, which is the same as the life of the refunded debt.

Various bond issues are considered to have been defeased and have been removed from the financial statements. At December 31, 2009, the total of outstanding principal balances on these defeased bonds is \$8,005.

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Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

2012	28,370	17,062	45,432
2013	30,590	15,753	46,343
2014	31,475	14,278	45,753
2015 – 2019	168,088	48,995	217,083
2020 – 2024	162,810	20,198	183,008
2025 – 2029	162,615	14,400	177,015
2030 – 2034	14,750	5,282	20,032
2035 – 2038	12,715	1,303	14,018
	<u>655,238</u>	<u>174,038</u>	<u>829,276</u>
Less deferred interest on capital appreciation bonds	<u>(137,274)</u>	<u>—</u>	<u>(137,274)</u>
Total	<u>\$ 517,964</u>	<u>\$ 174,038</u>	<u>\$ 692,002</u>

D. Derivatives

Objective of the Swap: In order to protect against the potential of rising interest rates, the Indianapolis Local Public Improvement Bond Bank on behalf of the City entered into a separate pay-fixed, receive variable interest rate swap.

Terms, Fair Values, and Credit Risk: The terms, including the fair values and credit ratings of the outstanding swap as of December 31, 2009, are as follows. The City's swap agreement contains scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated "bonds and notes payable" category.

Associated bond/note issue	Notional amounts	Effective date	Fixed rate paid	Variable rate received	Fair values	Swap termination date	Counterparty credit rating S&P/Moody's/Fitch
Redevelopment District 2004 Series C	\$ 14,600	4/23/2003	4.27%	100% of USD - LIBOR-BBA	\$ (900)	2/1/2013	A-/A2/A-

Fair Value: Because interest rates declined, the swap had a negative fair value as of December 31, 2009. The negative fair value may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the City's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases.

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Credit Risk: As of December 31, 2009, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair values of the swap become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value.

Although the City executes swap transactions with various counterparties, one swap, approximating 100% of the notional amount of swaps outstanding, is held by one counterparty. That counterparty is rated A-/A2/A-.

Basis Risk: The City is exposed to basis risk on the swap when the variable payment received is based on an index other than Securities Industry and Financial Markets Association ("SIFMA"). As of December 31, 2009, the SIFMA rate was 0.25%, whereas the 1-month LIBOR was 0.23% and 5-year LIBOR was 2.98%.

Termination Risk: The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the associated variable rate bonds would no longer carry synthetic interest rates. Also, if at the time of the termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Market Access Risk: The City is exposed to market access risk on its interest rate swap in the event that it will not be able to enter credit markets or in the event the credit will become more costly.

Rollover risk: The City is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When the swap terminates, the City will not realize the synthetic rate offered by the swap on the underlying debt issues. The Redevelopment District 2004 C notes are exposed to termination risk since the swap termination date precedes the debt maturity date.

Swap Payments and Associated Debt: As of December 31, 2009, debt service requirements of the City's outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

Year ending December 31	Principal	Interest	Interest rate swaps, net	Total
2010	\$ 2,950	\$ 600	\$ 600	\$ 4,150
2011	3,600	848	600	5,048
2012	3,900	602	600	5,102
2013	4,150	336	300	4,786
2014	3,000	198	—	3,198
Total	\$ 17,600	\$ 2,584	\$ 2,100	\$ 22,284

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E. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are issued through the Indianapolis Local Public Improvement Bond Bank. Revenue bonds outstanding at year-end are as follows:

	<u>Issue dates</u>	<u>Final maturity dates</u>	<u>Effective interest rates</u>	<u>Balance December 31, 2009</u>
Governmental activities:				
Transportation Revenue—2001 Series A	05/30/01	07/01/10	5.000 – 5.500 %	\$ 4,595
Indy Roads Revenue Bonds—2003 Series	11/25/03	01/01/19	3.000 – 5.000	14,690
Redevelopment District—2002 Series A	11/21/02	02/01/12	3.150 – 3.850	1,320
Facilities Revenue Bonds of 2006	02/16/06	01/15/21	4.000 – 5.000	14,725
Facilities Revenue Bonds of 2007	12/17/07	07/15/21	3.750 – 4.125	3,240
Stormwater District Revenue Bonds, Series 2006 A	03/21/06	01/01/26	4.000 – 5.000	42,500
Sanitary District Bonds—1998 Series A	12/30/98	01/01/19	3.500	13,955
Sanitary District Bonds—2000 Series A	06/30/00	01/01/21	3.500	20,350
Sanitary District Bonds—2000 Series B	12/14/00	01/01/10	4.750 – 5.000	440
Sanitary District Bonds—2001 Series A	08/23/01	01/01/23	4.000	31,805
Sanitary District Bonds—2002 Series B	08/30/02	01/01/24	4.000	32,704
Sanitary District Bonds—2004 Series A	06/30/04	01/01/24	3.580	6,980
Sanitary District Bonds—2004 Series B	08/24/04	01/01/26	4.130	21,226
Sanitary District Bonds—2004 Series C	12/29/04	01/01/26	3.690	61,789
Sanitary District Bonds—2005 Series I	12/29/05	01/01/27	2.900	75,262
Sanitary District Bonds—2006 Series A	06/30/06	01/01/28	3.080	30,329
Sanitary District Bonds—2006 Series B	12/15/06	01/01/28	2.900	33,355
Sanitary District Bonds—2007 Series A	03/06/07	01/01/27	3.000 – 5.000	32,060
Sanitary District Refunding Bonds—2007 Series B	11/01/07	01/01/21	4.000 – 4.750	7,300
Sanitary District Bonds—2007 Series E	12/15/07	01/01/27	4.400	77,700
Sanitary Bonds Revenue—2009 Series A	07/06/09	01/01/30	2.580	32,050
Enhanced Emergency System—2001 Series D	08/30/01	07/01/11	5.000	3,185
Economic Development Bonds—2004 Series B	06/23/04	04/01/30	variable rate	9,800
Economic Development Bonds—2004 Series C	06/23/04	04/01/39	3.500 – 5.375	19,355
Total revenue bonds recorded in governmental activities				590,715
Less matured bonds payable recorded in debt service funds				(25,188)
				<u>\$ 565,527</u>

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	<u>Issue dates</u>	<u>Final maturity dates</u>	<u>Effective interest rates</u>	<u>Balance December 31, 2009</u>
Business-type activities:				
Waterworks District, 2002 A	04/30/02	01/01/07 – 01/01/35	4.150 – 5.450 %	\$ 28,860
Waterworks District, Series 2005 F	11/17/05	01/01/35	3.500 - 5.000	70,065
Waterworks District, Series 2006 A	03/07/06	01/01/22	5.500	77,830
Waterworks District, Series 2007 B	03/22/07	01/01/25	5.250	70,410
Waterworks District, Series 2007 L	12/27/07	01/01/38	3.750 - 5.250	104,710
Waterworks District, Series 2009 A	08/06/09	01/01/38	3.000-5.750	563,780
Total Waterworks				<u>915,655</u>
Total revenue bonds recorded in business-type activities				<u>\$ 915,655</u>

Governmental Activities

All principal and interest payments are due on January 1 and July 1, January 15 and July 15, and April 1 and October 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 and January 15 in the year before payment is due and provides the amount in the Debt Service Funds. Payments due in April and October will be appropriated in the year due. All revenue bond principal and interest payments due January 1, 2010 and January 15, 2010 have been recorded as matured bonds payable and matured interest payable at December 31, 2009.

On June 30, 2000, the City issued Sanitary District Revenue Bonds of 2000, Series A, in the amount of \$32,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2000 B Bonds in the amount of \$32,000. The net proceeds are being used to fund seven Barrett Law Sewer Projects to eliminate many failing septic systems and thus reduce waterways contaminated by septic system runoff. The project also includes two lift station projects, a manhole rehabilitation project, and four wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$541 during 2009, and the outstanding balance of draws at December 31, 2009 was \$20,350.

On August 23, 2001, the City issued Sanitary District Revenue Bonds of 2001, Series A, in the amount of \$42,420 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2001 Series E Bonds in the amount of \$42,420. The proceeds are being used to fund several environmental studies and engineering projects and advanced wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$214 during 2009, and the outstanding balance of draws at December 31, 2009 was \$31,805.

On August 30, 2002, the City issued Sanitary District Revenue Bonds of 2002, Series B, in the amount of \$41,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2002 D Bonds in the amount of \$41,000. The net proceeds were used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds were borrowed and are paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City made no draws in 2009, and the outstanding balance of draws at December 31, 2009 was \$32,704.

On August 24, 2004, the City issued Sanitary District Revenue Bonds of 2004, Series B, in the amount of \$25,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2007 H Bonds in the amount of \$25,000. The net proceeds were used to pay down Sanitary Commercial Paper 2002 in the amount of \$7,367 and to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City made no draws during 2009, and the outstanding balance of draws at December 31, 2009 was \$21,226.

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On December 29, 2004, the City issued Sanitary District Revenue Bonds of 2004, Series C, in the amount of \$70,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 C Bonds in the amount of \$70,000. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$1,890 during 2009, and the outstanding balance of draws at December 31, 2009 was \$61,789.

On December 29, 2005, the City issued Sanitary District Revenue Bonds of 2005, Series I, in the amount of \$90,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2005 I Bonds in the amount of \$90,000. The net proceeds are being used to construct sewer work improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$12,114 during 2009, and the outstanding balance of draws at December 31, 2009 was \$75,262.

On June 30, 2006, the City issued Sanitary District Revenue Bonds of 2006, Series A, in the amount of \$36,300 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2007 E Bonds in the amount of \$36,300. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$994 during 2009, and the outstanding balance of draws at December 31, 2009 was \$30,329.

On July 6, 2009, the City issued Sanitary District Revenue Bonds of 2009, Series A, in the amount of \$32,050 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2009 E Bonds in the amount of \$32,050. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$32,050 in 2009, and the outstanding balance of draws at December 31, 2009 was \$32,050.

The variable rate Economic Development Revenue Bonds, Series 2004 B bear interest payable on each interest payment per annum established on the basis of a 365- or 366-day year and on a weekly basis. The maximum will not exceed 12%. The rate effective at December 31, 2009 is 4.375%.

Various bond issues are considered to have been defeased and have been removed from the financial statements. At December 31, 2009, the total of outstanding principal balances on these defeased bonds is \$6,710.

Business-type Activities

On August 6, 2009, the Indianapolis Local Public Improvement Bond Bank, on behalf of the Waterworks issued Waterworks District Net Revenue Bonds, Series 2009A, in the amount of \$563,780. Waterworks District Net Revenue Bonds, Series 2009A refunded the following series:

- outstanding principal and accrued interest of the Waterworks District Net Revenue Bonds, Series 2004 A in the amounts of \$50,000 and \$176, respectively;
- outstanding principal and accrued interest of the Waterworks District Net Revenue Bonds, Series 2005 G in the amounts of \$385,675 and \$211, respectively; and
- outstanding principal and accrued interest of the Waterworks District Net Revenue Bonds, Series 2005 H in the amounts of \$47,810 and \$30, respectively;

Additionally, the proceeds were used to make swap termination payments to counterparties under the 2005 G Hedge Agreement and the 2005 H Hedge Agreement in the amount of \$47,978.

The above refundings were undertaken to defease the Waterworks Auction Rate debt with fixed rate debt, and to level the future debt service payments. Including losses from prior refundings of \$41,232, the reacquisition price was more than the net carrying amount of the refunded debt by \$46,657. This amount is being netted against the refunding debt and amortized over the life of the shortest remaining life of the refunded debt, or 25.4 years. The refunding resulted in a reduction of future debt service payments of \$38,349.

All of the Waterworks revenue bonds include a bond covenant that it will maintain a schedule of rates, fees, and other charges so that the Gross Revenues, as defined in the bond documents, in each fiscal year equals at least the sum of (a) the amount of Gross Revenues required to pay operation and maintenance expenses for such fiscal year; plus (b) the greater of (i) 1.10 times the debt service requirements for such fiscal year, or (ii) all amounts payable from the Gross Revenues, including, without limitation, debt service on any Waterworks senior bonds, or

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subordinate bonds, funding of reserves for operation and maintenance expense, payments due in accordance with any hedge agreement, credit facility agreement or reserve account credit facility, and any payments to be made (including funds to satisfy prior deficiencies) in any fund, account, or subaccount of the Waterworks. At December 31, 2009, the Waterworks did not meet this bond covenant coverage requirement. The bond documents indicate that the Waterworks must petition for a rate increase so that the covenant will be met in the following fiscal year.

On February 24, 2009, Waterworks filed its petition with the IURC for authority to increase its rates and charges for water utility service, for approval of a new schedule of rates and charges, and for approval of a mechanism to annually implement rate changes based on the annual adjustment to the Waterworks payments under the management agreement, as amended with Veolia. Although Waterworks is ultimately seeking approval of an increase in rates and charges on a permanent basis, Waterworks requested an immediate emergency increase on an interim basis pursuant to Indiana Code § 8-1-2-113. Waterworks also requested a prehearing conference to establish a procedural schedule governing the balance of the issues in this cause, which includes permanent rates and charges and an annual adjustment mechanism for Waterworks rates implementing changes in payments to Veolia under the management agreement. An emergency rate increase of 10.8 percent was granted on September 8, 2009. On September 30, 2009, Waterworks filed testimony and exhibits requesting a 34.97 percent increase over the revenues approved in the emergency rate phase of the case. Additional testimony has been taken since then, and a final resolution is expected by late summer 2010.

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31	Governmental activities		Business-type activities		Total	
	Waterworks					
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 30,093	\$ 22,106	\$ 3,860	\$ 24,128	\$ 33,953	\$ 46,234
2011	29,060	20,920	12,315	47,953	41,375	68,873
2012	28,457	19,823	16,780	47,360	45,237	67,183
2013	29,038	18,754	17,545	46,592	46,583	65,346
2014	30,113	17,662	18,475	45,772	48,588	63,434
2015 - 2019	168,652	70,010	106,335	214,259	274,987	284,269
2020 - 2024	171,660	36,128	137,450	183,580	309,110	219,708
2025 - 2029	76,952	9,934	157,720	144,545	234,672	154,479
2030 - 2034	17,524	3,687	221,180	92,846	238,704	96,533
2035 - 2039	9,166	1,340	223,995	24,413	233,161	25,753
	<u>\$ 590,715</u>	<u>\$ 220,364</u>	<u>\$ 915,655</u>	<u>\$ 871,448</u>	<u>\$ 1,506,370</u>	<u>\$ 1,091,812</u>

A portion of the Series 2002 A bonds are considered to have been defeased and have been removed from the financial statements and in total have remaining outstanding principal balances of \$534,555 at December 31, 2009.

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F. Pledged Revenues

The City has pledged specific revenue to secure the repayment of outstanding debt issues. The following table lists those revenues and the corresponding debt issue along with the purpose of the debt, the amount of the pledge remaining, the term of the pledge commitment, the current fiscal year principal and interest on debt, and the amount of pledged revenue collected during the current fiscal year.

Revenue bond issue	General purpose for debt	Term of commitment	Pledged revenue	Principal and interest for fiscal year ended December 31, 2009	Pledged revenues for fiscal year ended December 31, 2009	Total principal and interest remaining on debt
Tax increment revenue	Infrastructure investment in various special taxing districts	Through 2038	Property tax increment	\$ 42,047	\$ 112,951	\$ 692,002
Transportation revenue	Constuction, reconstruction, and repair of road streets and sidewalks	Through 2019	Wheel tax and state transportation distributions	6,723	12,367	23,266
Redevelopment revenue	Construct roads, sidewalks, and water and sewer utilities in Martindale-Brightwood Industrial Development area	Through 2012	Transfers from the cumulative funds of the City	497	375	1,396
Facilities revenue	Improvements and repairs to various city and county-owned buildings	Through 2021	Rent charged back to City and County agencies	1,889	1,793	23,197
Stormwater	Improvements of stormwater handling capabilities	Through 2026	Net revenues of the stormwater system	3,054	3,054	65,855
Sanitary revenue	Construction of additions and improvements to the sewage works system	Through 2028	Net revenues of the sewer system	36,645	64,405	633,245
Enhanced emergency telephone system	Upgrade and improvements to the enhanced emergency telephone system (E-911)	Through 2011	E-911 fees	1,698	1,440	3,386
Economic development	Issued to provide financial incentives and assistance to a private developer for the construction of a downtown hotel	Through 2039	Parking garage fees	2,129	2,250	60,735
Waterworks	Purchase of and capital improvements to the public water utility	Through 2038	Net revenues of the public water system	56,959	49,545	1,787,103

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G. Notes Payable

1. The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$5,700, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interest payments on each February 1 and August 1, with the last payment being made on August 1, 2020. At December 31, 2009, \$3,300 was still outstanding.
2. On June 27, 2002, a loan for \$175 was secured from Indiana Development Finance Authority through the Department of Metropolitan Development. The purpose was to assist in financing the cost of assessment and remediation activities at a Brownfield site (as defined in IC 13-11-2-19.3) known as Riverside Plaza, located at 1426 W. 29th Street in Indianapolis, Indiana. Up to twenty percent (20%) of the \$175 loan may be forgiven if the project attains its Economic Development Goals timely. In 2004, \$35 was forgiven. At December 31, 2009, \$32 was still outstanding.
3. On August 1, 2005, the Indianapolis Local Public Improvement Bond Bank issued Redevelopment District Limited Recourse Notes, Series 2005 A in the amount of \$3,750 and Series 2005 B in the amount of \$2,750 to purchase the City of Indianapolis Redevelopment District Limited Recourse Notes, Series 2005 A in the amount of \$3,750 and Series 2005 B in the amount of \$2,750. The proceeds from the sale of the Series 2005 A Notes are being used to provide funds to develop Fall Creek Place Phase 4, which is bounded by the east side of College Avenue, 22nd Street, Broadway Avenue and Fall Creek. There are expected to be 91 new homes, 34 new townhomes, and approximately 10 rehabs (which will be carried out by King Park and Historic Landmarks), for a total of 125 new homes. Principal and interest will be paid from tax increment revenues collected in the Fall Creek/Citizens Consolidated Housing Tax Increment ("HOTIF") area.

Series 2005 A and 2005 B interest is payable on each January 1, April 1, and July 1, and October 1, commencing on October 1, 2005. Principal is payable at maturity on August 10, 2010. The notes bear interest with respect to each Interest Period, from the Interest Payment Date to which interest has been paid, at a per annum rate of LIBOR Rate plus ninety-six (96) basis points based on a 360-day year. As of December 31, 2009, the interest rate for Series 2005 A and 2005 B was 1.19%.

At December 31, 2009, the City had drawn down \$3,196 and \$2,750 on the Series 2005 A and 2005 B, respectively, and these amounts are outstanding at December 31, 2009.

4. On September 9, 2005, the Indianapolis Local Public Improvement Bond Bank issued Redevelopment District Limited Recourse Notes, Series 2005 C in the amount of \$2,500 to purchase the City of Indianapolis Redevelopment District Limited Recourse Notes, Series 2005 C in the amount of \$2,500. The proceeds from the sale of the Series 2005 C Notes will be used to provide funds to develop finance certain infrastructure improvement in serving or benefiting the Barrington Redevelopment Area and pay issuance costs. Principal and interest will be paid from tax increment revenues collected in the Barrington HOTIF allocation area. The notes bear interest at a per annum rate of 3.85%. Interest is calculated on the basis of 360-day year and due February 1 and August 1 commencing on February 1, 2006. The outstanding balance at December 31, 2009 is \$2,500, which will mature on August 1, 2010.
5. The Indianapolis Local Public Improvement Bond Bank issued \$5,000 Limited Obligation Notes, Series 2006 C to purchase the City of Indianapolis Redevelopment District Limited Recourse Notes, Series 2006 C whose issuance is being undertaken to finance certain infrastructure improvements in serving, or benefiting the Near Eastside Redevelopment Area and to provide funds for issuance costs. The notes will be repaid by the Redevelopment District Tax Increment Revenue Bonds, Series 2010 A (see Note 23.B). The outstanding balance at December 31, 2009 is \$5,000.
6. On November 10, 2006, the City signed an agreement with the Indianapolis Local Public Improvement Bond Bank for an amount not to exceed \$7,800. The proceeds from the notes are to be used to purchase vehicles and equipment for the City. The term for this agreement is 60 months, with the first principal payment due November 10, 2007. At December 31, 2009, the balance owed was \$3,311.
7. On November 16, 2007, the City signed an agreement with the Indianapolis Local Public Improvement Bond Bank for amounts not to exceed \$920 and \$1,440 for the purchase of vehicles and equipment for the City. The term for this agreement is 60 months, with the first principal payment due November 10, 2008. At December 31, 2009, the balance owed was \$477 and \$748.

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8. On September 25, 2007, the Indianapolis Local Public Improvement Bond Bank issued Redevelopment Note, Series 2007 E in the amount of \$5,000. The proceeds from the note are to be used for demolition of structures, excavation, and proper disposal of contaminated soils left when Ertel Manufacturing Company went out of business in 2003. Interest and principal are payable at maturity on September 25, 2010. The note bears interest on the 30-day LIBOR plus 2.14%, multiplied by 65% and set on the 25th day of each month beginning September 25, 2007. At December 31, 2009, the City had drawn down \$4,515 on the Series 2007 E, and the outstanding balance was \$4,502. The interest rate in effect at December 31, 2009 was 1.41%
9. As a result of the first amendment to the management agreement with Veolia signed in 2007, Waterworks agreed to repay some unanticipated expenses related to capital asset purchases of Waterworks during the first five years, which were previously recorded as contributed capital by Waterworks. In 2007, a note payable was executed for \$5,000 of which \$3,333 has been repaid. At December 31, 2009, the outstanding balance on this note is \$1,667. On June 30, 2009, the IURC's emergency rate case order issued its ruling that the third and final payment of \$1,667 owed to Veolia under the first amendment to the management agreement should not be paid until the issuance of a final order determining whether this payment is reasonable and in the public's interest. No final order has yet been issued as of the date of the issuance of these financial statements.

Annual amounts due on notes payable to maturity are as follows:

<u>Year ending December 31</u>	<u>Governmental activities</u>		<u>Business-type activities</u>	
	<u>Waterworks</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 15,495	\$ 736	\$ 1,667	\$ —
2011	7,621	600	—	—
2012	300	171	—	—
2013	300	153	—	—
2014	300	135	—	—
2015 – 2019	1,500	391	—	—
2020 – 2024	300	20	—	—
	<u>\$ 25,816</u>	<u>\$ 2,206</u>	<u>\$ 1,667</u>	<u>\$ —</u>

H. Capital Leases Payable:

Governmental Activities

The City and County jointly lease their office building and parking lot from the Indianapolis-Marion County Building Authority ("Building Authority"), a related party, over a 50-year term expiring in December 2012 (Note 14). The Building Authority is a separate municipal corporation whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain, and manage land, governmental buildings, and communication systems for governmental entities within the County. The Building Authority has no stockholders nor equity holders, and all bond and note loan proceeds, rentals, and other revenues must be disbursed for specific purposes in accordance with provisions of Indiana Code 36.9-13 et. seq. and several trust indentures and loan agreements executed for the security of the holders of the bonds and notes. The facilities are financed through the issuance of general obligation debt. The Building Authority enters into long-term lease agreements with the City and other government entities, which provide for sufficient rent to service the debt and offset operating costs. All of the leases contain lease renewals and purchase options. If these options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the properties to the lessees free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority's leases provides that the government lessee(s) shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. These leases provide for sufficient rent to service the debt and provide for operating costs. The County and the City will jointly obtain title to the building and parking lot in the future. The lease requires the City to make annual payments equal to the Building Authority's debt service requirements (\$0 in 2009) plus the City's share of building operating and maintenance costs (\$1,705 in 2009).

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On June 30, 2008, the capital lease with the Building Authority for the central maintenance garage expired. The City obtained title to the garage at the end of the lease term. On July 1, 2008, a maintenance operation agreement was signed, and the maintenance operation agreement requires that the City make annual payments in an amount sufficient to cover costs of operation and maintenance of the garage. For the year ended December 31, 2009, the City had paid \$397 in maintenance operation costs.

Housing Agency

In 2002, the Housing Agency entered into an agreement with Energy Systems Group (“ESG”) for capital improvements to Housing Agency-owned properties to enhance energy efficiency (“Energy Savings Project”). The agreement called for the project to be financed through a separate lease purchase agreements with payments made semiannually over a 12-year period. Payments for the Energy Savings Project are to be made from energy cost savings achieved through the capital improvements or from guaranteed payments from ESG should the desired energy cost savings not be achieved. Accrued interest payable totaled \$8 at December 31, 2009. At December 31, 2009, the total capitalized cost, net of related depreciation, of this project was \$1,741.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments for business-type activities as of December 31, 2009.

<u>Year ending December 31</u>	<u>Business-type activities</u>	
	<u>Housing Agency</u>	
2010	\$	195
2011		195
2012		195
2013		195
2014		194
		<u>974</u>
Less amount representing interest		<u>(122)</u>
Present value of net minimum lease payments	\$	<u>852</u>

- I. Unfunded Pension Obligations:** As discussed in Note 17, the Police and Firefighters (City) Pension Plans are funded on a “pay-as-you-go” basis.
- J. Postemployment Benefit Obligation:** As discussed in Note 13, the City provides postretirement healthcare benefits for Police and Firefighters. Civilian employees may continue healthcare coverage but are required to contribute 100% of their annual premium.
- K. Compensated Absences Payable:** A long-term liability for benefit and sick leave earned but not paid of \$28,531 at December 31, 2009 is recorded in the government-wide statements. Compensated absences are generally liquidated by the General Fund.
- L. Settlements Payable:** A settlement payable results from a 1991 consent decree, which indicated that the U.S. Environmental Protection Agency (“EPA”) placed the Northside Sanitary Landfill on the National Priorities List. This landfill is located in Union Township, Boone County, approximately 5 miles north of Zionsville, Indiana. In the late 1980s, the EPA conducted studies at the landfill due to the release or potential release of harmful hazardous substances and determined that remedial actions at the facility were necessary. This landfill is not owned by the City; however, the City was named as a Settling Defendant (among many) in the Consent Decree. While not admitting responsibility, the Settling Defendants have agreed to settle the claims in the lawsuit and participate in the cleanup of the facility. This amount of \$1,134 is payable over the next 10 years.
- M. Conduit Debt:** From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition, rehabilitation, and construction of industrial, commercial, and housing facilities and projects deemed to be in the public interest. The bonds are secured by the property financed. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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As of December 31, 2009, the City-County Council had approved 95 series of Economic Development Revenue Bonds for a total not to exceed \$1,112,253. In 2009, of the not-to-exceed amount of \$36,250 that was approved by the City-County Council, bonds in the amount of \$13,750 were issued. Additionally, bonds in the amount of \$6,485 were issued in 2009, which were approved in a prior year. The aggregate principal amount outstanding on bonds issued prior to 2001 could not be determined. The aggregate principal amount outstanding at December 31, 2009 on bonds issued since 2001 is \$237,572.

- N. HUD Serviced Debt:** The Housing Agency has issued certain obligations related to development and modernization of low-rent housing units as long-term debt in the financial statements. These obligations are payable by HUD and secured by annual contributions. The Housing Agency bonds represent the Agency's portion of consolidated issues, which include other housing authorities in the State of Indiana. HUD deposits an amount equal to the total maturities with the paying agent each year, and allocates bond principal payments to each housing authority based on its percentage of the total issue.

During 2003, the Housing Agency, with consultation with HUD, concluded that the obligations do not constitute a debt of the Housing Agency and, therefore, are not recorded in the financial statements. The total bonds outstanding at December 31, 2009 were \$544 and are considered a contingent obligation in that the Housing Agency could be liable should HUD fail or refuse to service the debt.

- O. HUD Section 8 Overdraws:** The Housing Agency has two agreements with HUD to repay Section 8 overdraws in equal installments over ten-year periods beginning in 2006 and 2016. These agreements totaled \$1,849 at December 31, 2009.

Year ending December 31	Business-type activities	
	Housing Agency	
2010	\$	129
2011		129
2012		129
2013		129
2014		129
2015 – 2019		654
2020 – 2024		818
2025 – 2029		164
Total future minimum payments		2,281
Less: Amount representing present value discount		(432)
	\$	<u>1,849</u>

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11. Short-term Debt Analysis

Governmental Activities

Tax anticipation warrants were issued on the taxes levied in 2008 and collected in 2009. The City-County Council authorizes the temporary borrowing pending the receipt of taxes levied and repayment of loans on June 30 and December 31 of the year borrowed. This procedure assures the City of sufficient funds for operating expenses between the property tax distribution dates. Because of the continued problems encountered with assessed valuations, final 2009 tax bills were not issued until November 2009. Therefore, there are outstanding balances on tax anticipation warrants as of December 31, 2009.

In 2007, the City loaned \$9,678 of COIT anticipation note proceeds to the County. In January 2009, the County repaid the outstanding COIT anticipation notes in full.

	Balance January 1, 2009	Issued	Redeemed	Balance December 31, 2009
<u>Tax anticipation warrants</u>				
Parks General	\$ 8,263	\$ 23,794	\$ 16,197	\$ 15,860
Solid Waste Collection General	11,767	16,210	22,234	5,743
Fire General	18,104	50,249	38,213	30,140
Metropolitan Police General	17,017	48,442	31,260	34,199
Metropolitan Thoroughfare District Debt Service	2,375	2,238	2,375	2,238
Park District Debt Service	1,445	1,379	1,445	1,379
Redevelopment District Debt Service	—	2,830	—	2,830
MECA Debt Service	606	415	606	415
Revenue Debt Service	—	6,866	6,866	—
City Cumulative Capital Development Capital Projects	7,663	9,587	14,148	3,102
	<u>\$ 67,240</u>	<u>\$ 162,010</u>	<u>\$ 133,344</u>	<u>\$ 95,906</u>
<u>COIT anticipation notes</u>				
Consolidated County General	\$ 9,678	\$ —	\$ 9,678	\$ —
	<u>\$ 9,678</u>	<u>\$ —</u>	<u>\$ 9,678</u>	<u>\$ —</u>

Business-type Activities

The Waterworks issued bond anticipation notes on June 26, 2009 for which the proceeds were used to provide deposits to a reserve account required to be established in connection with the Waterworks Revenue Bonds, Series 2005 G and 2005 H, which were variable rate demand bonds and which were refunded in August 2009.

	Balance January 1, 2009	Issued	Redeemed	Balance December 31, 2009
<u>Bond anticipation notes</u>				
Waterworks	\$ —	\$ 35,000	\$ 35,000	\$ —
	<u>\$ —</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>	<u>\$ —</u>

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12. Fund Balance

Included in the City's General Fund are financial activities of certain districts within the City. These districts generally involve the collection of fees and taxes for the purposes of the district, and their use is limited to those purposes. The City tracks these activities by utilizing accounts within the General Fund. Below represents a breakdown of the components of the General Fund balance by each account:

	Reserved for encumbrances	Reserved for long-term receivables	Unreserved	Total
Consolidated County	\$ 17,752	\$ 21	\$ 51,339	\$ 69,112
Redevelopment	38	—	16,119	16,157
Solid Waste Collection	2,014	—	4,835	6,849
Solid Waste Disposal	3,631	—	1,827	5,458
Sanitation	3,523	—	76,689	80,212
Transportation	12,365	—	(1,712)	10,653
Fire	464	—	304	768
Park	559	—	(629)	(70)
Metropolitan Police	344	—	1,973	2,317
Storm Water Management	8,048	—	11,857	19,905
Total	<u>\$ 48,738</u>	<u>\$ 21</u>	<u>\$ 162,602</u>	<u>\$ 211,361</u>

13. Postemployment Benefits Other Than Pensions

The cost of postemployment healthcare benefits, from an accrual accounting perspective, similar to the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The City follows the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* ("GASB Statement 45"). Thus, the City recognizes the cost of postemployment healthcare in the year the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be amortized over 30 years, beginning in 2007.

A. Plan Description

The City maintains and provides postemployment medical care ("OPEB") for retired employees through a single-employer defined benefit medical plan, which the City administers. The plan provides medical benefits for eligible retirees, their spouses, and dependents through the City's group health insurance plans, which cover both active and retired members.

Eligible retirees must meet the following criteria:

Civilian

1. at age 60 with at least 15 or more years of creditable service, or
2. if the member's age in years plus the years of creditable service equal at least 85 and the member is at least 55 years of age.

Police

1. at least 20 years of service, who are over the age of 50, and less than age 65 (contract period 1999-2002).
2. at least 20 years of service, who are over the age of 52, and less than age 65 (subsequent to 2002).

Firefighters

1. at least 20 years of service, who are at least age 52, and less than age 65.

Benefit provisions are established through negotiations between the City and the union representing the City's employees and are renegotiated each three-year bargaining period. The plan is not accounted for as a trust fund, because an irrevocable trust has not been established to account for the plan. The plan does not issue a separate financial report.

B. Funding Policy

Contribution requirements are also negotiated between the City and union representatives. The City contributes 60% of the cost of current year premiums for eligible police and fire retired plan members and their spouses. For fiscal year 2009, the City contributed \$1,404 to the plan. Plan members receiving benefits contribute 40% of their premium costs. In fiscal year 2009, total member contributions were \$759, or .30% of total covered payroll. Civilian employees who are eligible for retirement may choose to continue their healthcare coverage on the City's insurance plan until the age of 65 but are required to contribute 100% of their annual premium costs. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go financing method through paying the higher rate for active employees each year.

C. Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. In accordance with GASB Statement 45, the City has elected to perform an actuarial valuation of the OPEB on a biennial basis. The last actuarial valuation performed by the City was as of December 31, 2009. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

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The City's annual OPEB cost for the current year and the related information are as follows at December 31, 2009:

Annual required contribution	\$ 16,963
Interest on net OPEB obligation	1,104
Amortization	(1,065)
Adjustment to annual required contribution	1,407
Annual OPEB cost (expense)	<u>18,409</u>
Contributions made	<u>(1,404)</u>
Increase in net OPEB obligation	17,005
Net OPEB obligation – beginning of year	<u>26,191</u>
Net OPEB obligation – end of year	<u><u>\$ 43,196</u></u>

The adjustment to annual required contribution in the amount of \$1,407 represents the required current year adjustment to reflect the fact that the City obtains a biennial actuarial valuation.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2008, and 2007 were as follows:

Fiscal year ended	Annual OPEB cost	Employer contributions	Percentage of OPEB cost contributed	Net OPEB obligation
2009	\$ 18,409	\$ 1,404	7.62 %	\$ 43,196
2008	14,139	1,158	8.19	26,191
2007	14,121	911	6.45	13,210

D. Funded Status and Funding Progress

The funded status of the plan based on the last actuarial valuation, which was as of December 31, 2009, was as follows:

Actuarial accrued liability	\$ 140,288
Actuarial value of plan assets	<u>—</u>
Unfunded actuarial accrued liability	<u><u>\$ 140,288</u></u>
Funded ratio	0%
Covered payroll	\$ 251,005
Unfunded actuarial accrued liability as a percentage of covered payroll	55.89%

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The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations. Significant method and assumptions used for this fiscal year valuation were as follows:

Actuarial valuation date	December 31, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Closed
Remaining amortization period	27 years
Actuarial assumptions:	
Discount rate	4.00% effective annual rate
Projected salary increases	3.00%
Healthcare inflation rate	6.80% gradually decreasing down to 4.70% over a period of 52 years

14. Joint Venture

The Indianapolis-Marion County Building Authority ("Building Authority") is a joint venture of the County and the City. See Note 10.H for further discussion on the Building Authority. The City's share of the joint venture consists primarily of 42% of the City-County Building (determined by occupancy) and 100% of the Municipal Garage, Belmont Garage, Public Safety Communications System, Public Safety Training Academy, and Public Safety Properties. The various portions of Building Authority facilities are leased to other units of government and private parties. The County's share of the joint venture consists primarily of 58% of the City-County Building (determined by occupancy) and 100% of the Marion County Jail and Jail II, Juvenile Detention Center, and Sheriff's Roll Call Site.

The Building Authority has various long-term debt obligations, which are secured by the rent payments received from the City and the County. During 2009, the City paid approximately \$3,892 in rent. The amount of the Building Authority's principal's current portion and long-term debt portion at June 30, 2009 was \$2,265 and \$18,895, respectively. The amount of accumulated net revenues retained in operation accounts at June 30, 2009 was \$64,328, and the amount of accumulated net revenues retained and used for building, site, and project costs and related debt service was \$25,527.

A copy of the separately issued financial statements of the Building Authority for the year ended June 30, 2009, which is prepared on a basis other than U.S. generally accepted accounting principles, is available upon request.

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15. Contingent Liabilities and Commitments

- A. Various lawsuits are pending against the City. In the opinion of the City's Corporation Counsel, the aggregate potential loss on all outstanding litigation was estimated to be \$3,514. This amount has been accrued for in the Internal Service Fund. This opinion concurs with the Indiana law limiting the liability of municipalities to \$700 per person and \$5,000 per occurrence. Additionally, the City is a defendant in various lawsuits for which management has determined that there is a reasonable possibility of an adverse outcome. No accrual has been made in the financial statements for these items, which approximate \$5,595, as the loss is not both probable and estimable.
- B. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.
- C. Effective December 1, 2008, the City entered into a service agreement with the owner of a resource recovery facility that is in effect until December 31, 2018 with the option of extending the agreement for two additional five-year periods. The City has agreed to deliver a certain amount of "acceptable waste" each year to the facility. The City pays a tipping fee of \$0.027 per ton for the first three years of the service agreement, which escalates at 2.7% in years four through ten. The City also will reimburse the owner of the resource recovery facility for any taxes levied by any governmental entity, other than income taxes, and the leased cost of the facility site. The owner of the resource recovery facility will revenue share 12.5% of its steam revenues, with a minimum guarantee of \$2,500 and a maximum of \$2,700 per year, also escalating in years one through ten.
- D. The City has entered into operating agreements on a number of City-owned golf courses, which provide for termination payments to be made to the operator if the City cancels the agreements prematurely. These payments are primarily to cover the costs for improvements made to the courses by the operators. The termination payment declines over the term of the agreements. There are termination agreements on three courses: Eagle Creek, Smock, and Winding River. While the City has no intention to do so, if the agreements were terminated at December 31, 2009, the total termination payments due would be \$4,425.
- E. The City has an agreement with a contractor to provide the operation and maintenance of the Belmont and Southport advanced wastewater treatment facilities, the sewer and stormwater collection systems, and Eagle Creek Dam, which commenced on January 1, 2008. The contractor provides all personnel, supplies, materials, and other items necessary to operate the advanced wastewater treatment facilities and the collection systems. In addition, the contractor is responsible for the routine, preventative, and corrective maintenance of the facilities. The City retains responsibility for energy costs and certain chemical costs. The agreement specifies an annual base service fee to be paid to the contractor and identifies incentive payments of up to 25% of the base service fee that may be earned annually based on performance. In 2009, the base service fee is \$28,965, and the potential incentive payments are \$6,900. Reconciliation of incentive payments will be completed in the second quarter of 2010. In addition, the City will provide at least \$2,000 to the contractor to perform certain minor capital improvements.
- F. The Waterworks entered into an agreement on March 21, 2002 with U.S. Filter Operating Services, Inc. (now Veolia) to operate and maintain the water utility. The 20-year contract provides the City to pay an annual fixed fee, and additional incentive payments. In 2009, the total amount paid to Veolia under the management agreement was \$50,202, of which \$9,777 was for incentive payments. The annual fixed fee which is adjusted annually effective each January 1, will be adjusted by the "New Composite Price Index" ("NCPI"), which is defined as: $[(.51 * \text{Labor Index}) + (.10 * \text{Utilities Index}) + (.06 * \text{Chemical Index}) + (.33 * \text{Consumer Price Index})]$. The adjustment effective January 1, 2009 was 1.38%. On June 30, 2009, the IURC ordered that the adjustment be lowered to 0% effective January 1, 2009. Included in accounts payable and other accrued liabilities at December 31, 2009 is \$5,246 for unpaid fixed fees and estimated incentive payments of \$559 and \$4,687, respectively.
- Veolia asserts that the NCPI adjustment should be based on a different interpretation of index computation. The Waterworks does not agree with Veolia's assertion and intends to vigorously defend its position. If the Veolia NCPI computation had been used, the estimated amount of the cumulative unpaid liability for current and prior years at December 31, 2009 would total \$7,467 representing fixed fee increases and estimated incentive payments of \$2,367 and \$5,100, respectively.
- G. The City entered into a Consent Decree with the U.S. Department of Justice and the Indiana Department of Environmental Management, requiring implementation of a 20-year raw sewage combined sewer overflow Long-term Control Plan and steps to address certain sanitary sewer overflows. The requirements in the Consent Decree are anticipated to cost about \$1.3 billion in total (current dollars) by 2025. The Consent Decree also contains stipulated penalties for certain violations, including certain sanitary sewer overflows, which will occur prior to ultimate infrastructure replacements or corrections. The City entered into an agreement with a contractor to assist in the overall management of the initial phase of the proposed program. The total amount of the contract for a 3-year period is \$28,990. The total amount spent in 2009 for the contract was \$9,676.
- H. As indicated in Note 1.D, the Waterworks is rate-regulated by the IURC in connection with its purchase of the Waterworks. As of December 31, 2009, regulatory assets amounting to \$719 have been recorded by Waterworks. There are no regulatory liabilities. Due to the unusual nature of this purchase transaction (municipality purchasing a privately owned entity), there is

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little precedent as to the manner in which the IURC will treat deferred assets and liabilities that had been previously recorded by NiSource or the cost of acquiring the rights to operate the system. Future rulings by the IURC could result in regulatory assets or liabilities being recorded by Waterworks.

- I. The Waterworks is subject to pollution control and water quality control regulations, including those issued by the EPA, the Indiana Department of Environmental Management (“IDEM”), the Indiana Water Pollution Control Board, and the Indiana Department of Natural Resources. From time to time, the Waterworks is involved in environmental matters and claims incidental to its business, and management of the City believes that the outcome of these matters will not have a material adverse effect, either individually or in the aggregate.

16. Related-party Transactions

The legislative body of the City is the same in several respects as that of the County, and the position of the County Executive is the same as the Mayor of Indianapolis. The County provides certain information and telephone services to the City. During the year, the City incurred approximately \$12,911 in costs, of which approximately \$1,129 is due to the County at December 31, 2009 for these services. In 2009, the County paid \$1,902 of E-911 dispatch fees to the City. At December 31, 2009, the County owed the City \$154 for fuel charges and \$386 for court costs. At December 31, 2009, the County owed the City \$4,000 for capital improvement funds. In addition, the City and County both act in capacities of pass through and subrecipient agents for federal and state grants.

The City and the County purchase certain insurance policies, which cover risks of both entities. The City and the County pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County including purchasing, legal, and other general administration. The City funds such services through a county-wide tax levy. The County does not compensate the City for these services. Conversely, the County provides, at no compensation, criminal, civil, juvenile, and probate court services to all municipalities and unincorporated areas in the County and administers the property tax administration and collection system for the same jurisdictions and the Marion County jail and lockup.

17. Pension Plans

A. Plan Descriptions

1. Police and Firefighters (PERF) Plan

Certain police and firefighters are covered by a statutory cost-sharing multiple-employer retirement system. This plan covers all police and firefighters hired after April 30, 1977 or hired before May 1, 1997 who have elected to covert to this plan, and is administered by the Public Employees’ Retirement Fund of Indiana (“PERF”).

State statute regulates the operations of the system, including benefits, vesting, and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The plan also provides for certain death and disability benefits. The Public Employees’ Retirement Fund of Indiana issues a publicly available financial report that includes financial statements and required supplementary information for the City’s Police and Firefighters (PERF) Plan and the All Other City Employees Plans. That report may be obtained by writing to Public Employees’ Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

Covered employees are required to contribute 6 percent of their compensation. The amount of the employer’s contribution is determined by PERF based on a valuation using the entry age normal cost method. The rate of employer contribution is 19.5 percent of each employee’s annual compensation. The City’s contributions to the plan for the years ended December 31, 2009, 2008, and 2007 were \$20,850, \$24,818, and \$22,513, respectively, equal to the required contributions for the year.

2. Police and Firefighters (City) Plans

The City also maintains two single-employer retirement plans covering police and firefighters hired on or before April 30, 1977 and is accounted for in a pension trust fund. No separately prepared financial statements are available for the Police and Firefighters City Plans. Retirement benefits are available after 20 years of service. State statute grants authority for these pension plans and sets the regulations covering benefits. Participants contribute 3% of base salary, defined as the salary of a first-class police officer or a first-class firefighter in 2009. As these salaries increase year by year, benefits are directly adjusted. Since the City still must pay the benefits under the plans and be reimbursed by the State, this is still considered to be a “pay-as-you-go” plan. The payments from the State will be estimated each year, and any overage and underage will be adjusted in the next year. No significant plan assets are accumulated for the payment of future benefits, except as discussed below. During the 2008 State of Indiana Legislative Session, the State agreed to pay the entire annual cost of future pension payments to the police officers and firefighters who are members of the pre-77 plan beginning in 2009.

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Indiana's deferred retirement option plan (DROP), which was enacted into law in 2002, is available to all members of the employees of the police and firefighters (City) plans. Those members who elect to participate will continue active employment. Those electing this provision continue to make contributions to the plan and must elect a DROP retirement date not less than twelve (12) months and not more than thirty-six (36) months after the member's DROP entry date. Furthermore, the member may not remain in the DROP after the date the member reaches any mandatory retirement age that may apply and may make a DROP election only once in the member's lifetime. Upon retirement, a member will receive a DROP frozen benefit to be paid in a lump-sum distribution or in three (3) equal installments commencing on the member's DROP retirement date.

3. All Other City Employees Plans

The City contributes to another plan administered by PERF for all other City employees, which is an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana, in accordance with Indiana Codes 5-10.2 and 5-10.3.

Except for police and firefighters, all full-time employees are eligible to participate in this plan. Benefits vest after 10 years of service. City employees who retire at or after age 65 with 10 years of credited service are entitled to an annual retirement, payable monthly for life. City employees who have reached 50 years of age and have 15 years of credited service will qualify for early retirement with reduced benefits. Employees who are at least 55 years of age at retirement and have 30 years of creditable service receive a full pension benefit. Any combination of age and years of service greater than 85 (for those older than 55) also qualifies the employee for full retirement benefit. PERF also provides for death and disability benefits. These benefit provisions and all other requirements are established by state statute.

A contribution of 3% of each employee's annual compensation is required, which is paid by the City. In addition, the City is required to contribute amounts necessary to fund this plan, using the entry age normal cost method as specified by state statute. The City-financed pension benefits are classified as defined benefits, and the employee-financed pension benefits are classified as defined contributions and depend on the amount contributed by the employee plus accumulated investment earnings.

All assets of the plan are held by and invested by PERF. Investments are mainly in obligations of the U.S. government and federal agencies and in equity securities.

Effective January 1, 2007, the sheriff deputies from the Marion County Sheriff were merged with the former Indianapolis Police Department and formed the Indianapolis Metropolitan Police Department, which is part of the City. The pension plan for the former Marion County Sheriff's deputies who are now part of the Indianapolis Metropolitan Police Department is funded by the County, and accordingly, the liability is held by the County in the Marion County Law Enforcement fund.

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B. Actuarial Valuation and Net Pension Obligation

The following schedules are derived from the respective actuarial reports and City information for the four pension plans as of December 31, 2009 and, with regard to contributions for 2009, based on the January 1, 2009 actuarial report.

Census data for the four plans are as follows:

	Police and firefighters (City) (3)	Police and firefighters (PERF)	All other City employees
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits (2)	1,919	287	305 (1)
Current employees:			
Vested (2)	71	668	954
Nonvested (2)	—	1,438	937
Total	71	2,106	1,891

(1) Number does not include retirees and beneficiaries currently receiving benefits since PERF pays those benefits from a separate plan.

(2) Amounts presented are not in thousands.

(3) Census data not separately available for police and firefighters (City) plans.

The significant actuarial assumptions used to determine the net pension obligation/asset are summarized below:

Assumptions	Police and firefighters (City)	Police and firefighters (PERF)	All other City employees
Rate of return on present and future assets	6.00%	7.25%	7.25%
Inflation rate	2.75% for converted and 4.00% for nonconverted	2.75%	1.50%
Salary increase	4.00%	4.00%	*
Asset valuation method	N/A	smoothed basis	75% of expected actuarial value plus 25% of market value
Amortization method	level dollar	level dollar	level dollar
Amortization period	closed – 30 years	closed – 30 years	open – 30 years

* Based on PERF experience 2000 – 2005.

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The calculation of the annual pension cost and net pension obligation/asset is as follows:

	<u>Police (City)</u>	<u>Firefighters (City)</u>	<u>Total</u>
Actuarial valuation date	January 1, 2009	January 1, 2009	
Annual required contribution	\$ 32,801	\$ 32,631	\$ 65,432
Interest on net pension obligation	12,531	10,361	22,892
Adjustment to annual required contribution	<u>(16,062)</u>	<u>(13,280)</u>	<u>(29,342)</u>
Annual pension cost	29,270	29,712	58,982
Contributions made	<u>28,885</u>	<u>27,357</u>	<u>56,242</u>
Increase in net pension obligation	385	2,355	2,740
Net pension obligation-beginning of year	<u>208,853</u>	<u>172,685</u>	<u>381,538</u>
Net pension obligation-end of year	<u>\$ 209,238</u>	<u>\$ 175,040</u>	<u>\$ 384,278</u>

	<u>All other City employees</u>
Actuarial valuation date	July 1, 2009
Annual required contribution	\$ 3,051
Interest on net pension obligation	(16)
Adjustment to annual required contribution	<u>18</u>
Annual pension cost	3,053
Contributions made	<u>3,056</u>
Increase in net pension asset	(3)
Net pension asset-beginning of year	<u>(218)</u>
Net pension asset-end of year	<u>\$ (221)</u>

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C. Contribution Requirements and Contributions Made

Except for the Police and Firefighters (City) Plans, the funding policies of the Public Employees Retirement System provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Police and Firefighter (City) Plan, the All Other City Employees Plan, and the Police and Firefighters (PERF) Plan use the entry-age normal cost method to determine the contribution requirements.

	Methods and assumptions	
	Actuarial funding method	Period to amortize unfunded actuarial accrued liability
Police and Firefighters (City) Plan	Pay-As-You-Go	30
Police and Firefighters (PERF) Plan	Entry Age Normal Cost	30
All Other City Employees Plan	Entry Age Normal Cost	30

The Pension Trust Fund payments on behalf of benefits for City's employees were recognized as revenues and expenditures during the period.

The present value of expected future funding to be received from the State of Indiana for pension relief contributions on the City plan for police and firefighters totaled \$768,090 as of January 1, 2009. In 2009, the State of Indiana contributed \$57,550 of pension relief to the Police and Firefighters (City) Plans.

For the year ended December 31, 2009, the City's total payroll for all employees consists of the following:

Police and Firefighters (City) Plans	\$ 5,461
Police and Firefighters (PERF) Plans	147,362
All Other City Employees Plan	79,849
Former Marion County Sheriff Deputies Plan	23,183
Noncovered employees	<u>2,656</u>
Total payroll	<u><u>\$ 258,511</u></u>

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D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the Police and Firefighters (PERF) Plan showing PERF's progress in accumulating sufficient assets to pay benefits when due is presented in PERF's June 30, 2009 annual report.

<u>Fiscal year ended</u>	<u>Annual pension cost</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation (asset)</u>
Police (City) Plan:			
2009	\$ 29,270	98.7 %	\$ 209,238
2008	28,123	100.5	208,853
2007	28,940	87.9	208,998
Firefighters (City) Plan:			
2009	29,712	92.1	175,040
2008	21,109	125.0	172,685
2007	22,830	108.9	177,970
All Other City Employees Plan:			
2009	3,053	99.9	(221)
2008	2,667	108.0	(218)
2007	2,779	81.7	5

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E. As separate financial statements are not issued for the individual pension trust funds, the following are the financial statements for those funds:

<p style="text-align: center;">CITY OF INDIANAPOLIS Fiduciary Funds Combining Statement of Pension Trust Funds Net Assets December 31, 2009 (In thousands)</p>			
	Police Pension	Firefighters Pension	Total
ASSETS			
Equity in pooled cash	\$ —	\$ 1,377	\$ 1,377
Total assets	<u>—</u>	<u>1,377</u>	<u>1,377</u>
LIABILITIES			
Accounts payable and other accrued liabilities	91	—	91
Total liabilities	<u>91</u>	<u>—</u>	<u>91</u>
NET ASSETS			
Held in trust for pension benefits	\$ <u>(91)</u>	\$ <u>1,377</u>	\$ <u>1,286</u>

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CITY OF INDIANAPOLIS
Combining Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2009
(In thousands)

	Pension Trust Funds		
	Police Pension	Firefighters Pension	Total
ADDITIONS			
State of Indiana pension subsidy received from the General Fund	\$ 28,819	\$ 28,731	\$ 57,550
	<u>28,819</u>	<u>28,731</u>	<u>57,550</u>
Contributions:			
Plan members	2	3	5
Total additions	<u>28,821</u>	<u>28,734</u>	<u>57,555</u>
DEDUCTIONS			
Benefits	28,912	27,357	56,269
Total deductions	<u>28,912</u>	<u>27,357</u>	<u>56,269</u>
Change in plan net assets	(91)	1,377	1,286
Net assets – beginning	<u>—</u>	<u>—</u>	<u>—</u>
Net assets – ending	\$ <u>(91)</u>	\$ <u>1,377</u>	\$ <u>1,286</u>

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F. Funded Status

The funded status of the plans as of the most recent actuarial valuation date is as follows:

<u>Asset valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL) entry age</u>	<u>Unfunded (overfunded) AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
Police (City) Plan 1/1/2009	\$ —	\$ 434,034	\$ 434,034	— %	\$ 1,593	27,246 %
Firefighters (City) Plan 1/1/2009	—	427,480	427,480	—	2,596	16,467
All Other City Employees Plan* 7/1/2009	115,618	117,645	2,027	98	76,801	3

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

18. Postretirement Benefits

In connection with the City's purchase of the Waterworks, the City acquired an obligation for paying for postretirement healthcare and life insurance benefits ("Retiree Benefits") for certain employees and former employees of IWCR, now Veolia. The plan is administered by Veolia as it is a plan for their employees. As of January 1, 2009, there were 350 (not in thousands) participants currently receiving Retiree Benefits.

Prior to the purchase of the Waterworks by the City, IURC approved a rate increase so that assets could be accumulated over time to pay for the current and future costs of the Retiree Benefits. As a condition of including Retiree Benefit costs in rates on an accrual basis, the IURC required IWCR to establish a grantor trust ("Trust"). Money received from rates to pay for Retiree Benefits must be deposited into the Trust. The Trust must be disbursed to pay for the Retiree Benefits, and certain administrative expenses. The Trust is subject to the creditor's of the City. In the event that the Trust assets are no longer needed to pay for Retiree Benefits, the assets must be paid to ratepayers. At December 31, 2009, \$10,555 is held in the Trust and included in restricted assets in the accompanying statement of net assets of the Waterworks.

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The information that follows on the postretirement benefit plan was obtained from the actuarial valuation of the plan for the year ended December 31, 2009.

The following table sets forth the change in the plan's accumulated postretirement benefit obligation ("APBO") as of December 31, 2009:

Accumulated postretirement benefit obligation at beginning of year	\$ 59,687
Service cost	1,026
Interest cost	3,795
Benefits paid	(3,471)
Actuarial loss	<u>9,012</u>
Accumulated postretirement benefit obligation at end of year	<u><u>\$ 70,049</u></u>

As a result of the First Amendment to the Management Agreement with Veolia, which was signed in 2007, Waterworks has assumed the postretirement liability for benefit payments made after April 30, 2022 for those participants not eligible to retire as of December 31, 2004.

The change in the fair value of the plan's assets for the year ended December 31, 2009 is as follows:

Fair value of plan assets at beginning of year	\$ —
City contributions	3,471
Benefits paid	<u>(3,471)</u>
Plan assets at fair value at end of year	<u><u>\$ —</u></u>

The reconciliation between the accumulated benefit obligation at the end of the year and the net amount recognized for the statement of net assets is as follows:

Accumulated postretirement benefit obligation	\$ 70,049
Unrecognized transition obligation	(2,267)
Unrecognized net loss	<u>(24,513)</u>
Net amount recognized	<u><u>\$ 43,269</u></u>
Amount recognized as deferred charge – postretirement benefits	<u><u>\$ (26,780)</u></u>

A discount rate of 5.50% and a pre-Medicare medical trend rate of 9.50% declining to a long-term rate of 5.00% in 2018 were used to determine the APBO at December 31, 2009.

Net periodic postretirement benefit costs for the year ended December 31, 2009 include the following components:

Service cost	\$ 1,026
Interest cost	3,795
Amortization of transition obligation	756
Amortization of unrecognized net loss	<u>861</u>
	<u><u>\$ 6,438</u></u>

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Assumptions used in the determination of 2009 net periodic postretirement benefits costs were as follows:

Discount rate	6.50 %
Rate of increase in compensation levels	4.00
Assumed annual rate of increase in healthcare benefits	9.50
Assumed ultimate trend rate	5.00

The effect of a 1% increase in the assumed healthcare cost trend rates for each future year would increase the accumulated postretirement benefit obligation at December 31, 2009 by approximately \$11,193 and increase the aggregate of the service and interest cost components of plan costs by approximately \$900 for the year ended December 31, 2009. Amounts disclosed above could be changed significantly in the future by changes in healthcare costs, work demographics, interest rates, or plan changes.

19. Interfund Transactions and Balances

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of interfund receivable and payable balances as of December 31, 2009 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Public Safety Income Tax	\$ 996
General	County Cumulative Capital Improvement	2,019
General	Internal Service Workers Compensation	2,032
General	Waterworks	20,754
		<u>\$ 25,801</u>

Interfund transfers for the year ended December 31, 2009 consisted of the following:

<u>Transfers out</u>	<u>Transfers in</u>			<u>Total</u>
	<u>General Fund</u>	<u>Revenue Debt Service Fund</u>	<u>Nonmajor governmental funds</u>	
General Fund	\$ —	\$ 36,184	\$ 12,201	\$ 48,385
Revenue Debt Service Fund	1,439	85	3,505	5,029
Nonmajor governmental funds	2,150	2,209	1,332	5,691
Total transfers out	<u>\$ 3,589</u>	<u>\$ 38,478</u>	<u>\$ 17,038</u>	<u>\$ 59,105</u>

Interfund transfers were used to (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them or (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization.

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20. Explanation of Certain Difference between Governmental Fund Financial Statements and the Government-wide Financial Statements

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net assets.

Balances at December 31, 2009 were as follows:

Bonds and notes payable	\$ 1,428,251
Deferred premiums, net of discounts	23,530
Deferred amount from refunding	(7,874)
Amounts recorded as matured bonds payable at December 31, 2009	(50,399)
Net pension obligation	384,278
Postemployment benefit obligation	43,196
Compensated absences	28,531
Settlements payable	<u>1,134</u>
Combined adjustment	<u><u>\$ 1,850,647</u></u>

Proceeds from issuance of debt are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.

Debt issued:

General obligation bonds, excluding capital appreciation accretion of \$1,383	\$ 5,350
Tax increment bonds, excluding capital appreciation accretion of \$6,621	166,100
Revenue bonds	47,803
Notes payable	1,803
Deferred premiums	<u>15,451</u>

Combined adjustment	<u><u>\$ 236,507</u></u>
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Repayments:

Bond principal, including increase in matured bonds payable of \$1,684	\$ 75,236
Payment to bond escrow agent for debt defeasance	134,424
Notes payable	<u>3,371</u>

Combined adjustment	<u><u>\$ 213,031</u></u>
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Notes to Financial Statements
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21. Deficit Fund Balances and Net Assets

Negative fund balances by fund are as follows:

<u>Deficit fund balances</u>	<u>December 31, 2009</u>
Special Revenue Funds	
Public Safety Income Tax	\$ (996)
	<u>\$ (996)</u>
Debt Service Funds	
MECA	\$ (841)
Metropolitan Thoroughfare District	(750)
Park District	(339)
	<u>\$ (1,930)</u>
Internal Service Funds	
Workers' Compensation Self-Insurance	\$ (3,816)
Employee Health Insurance	(749)
	<u>\$ (4,565)</u>
Enterprise Funds	
Waterworks	\$ (67,644)
	<u>\$ (67,644)</u>

The deficit fund balance for the special revenue fund is a result of an overestimate of current tax collections and will be covered by increased tax collection or reductions of future expenditures. The deficit fund balance for the debt service funds is a result of decreased property tax collections and will be covered by future tax collections. The workers' compensation and employee health insurance internal service funds' negative fund balances will be covered by future charges to City departments. The deficit fund balance for the enterprise fund is a result of inadequate water rates to cover ongoing operating expenses and debt service and swap termination payments made on variable rate debt. The Department of Waterworks has initiated a request for a water rate increase from the Indiana Utility Regulatory Commission to deal with the deficit fund balance.

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22. Discretely Presented Component Unit-Partners for Affordable Housing (PAH)

PAH is presented as a discrete component unit of the City. PAH funding primarily comes from capital grant funding and intergovernmental funding. The following items are significant disclosures for PAH.

A. Cash and Investments

PAH follows the same investment policy and legal contractual provisions that govern the Housing Agency (See Note 3). A summary of cash deposits at December 31, 2009 is as follows:

	<u>Carrying value</u>
On deposit:	
Insured by FDIC	\$ 1,586
Uninsured	<u>1,275</u>
	<u>\$ 2,861</u>

Restricted assets of \$1,179 are included in the above balance. Restricted assets primarily consist of amounts per the terms of regulatory and operating agreements, which totaled \$608. The remaining restricted assets totaling \$571 relate to tenant security deposits and developer fee accounts that are restricted until the related project agreement is completed.

B. Capital Assets

A summary of PAH capital assets at December 31, 2009 follows:

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
Capital assets not being depreciated:				
Land	\$ 839	\$ 59	\$ —	\$ 898
Construction in progress	<u>5,760</u>	<u>202</u>	<u>5,760</u>	<u>202</u>
Total capital assets not being depreciated	<u>6,599</u>	<u>261</u>	<u>5,760</u>	<u>1,100</u>
Capital assets being depreciated:				
Buildings	11,010	10,569	—	21,579
Equipment	<u>124</u>	<u>137</u>	<u>—</u>	<u>261</u>
Total capital assets being depreciated	<u>11,134</u>	<u>10,706</u>	<u>—</u>	<u>21,840</u>
Less accumulated depreciation:				
Buildings	2,553	1,209	—	3,762
Equipment	<u>41</u>	<u>10</u>	<u>—</u>	<u>51</u>
Total accumulated depreciation	<u>2,594</u>	<u>1,219</u>	<u>—</u>	<u>3,813</u>
Total capital assets being depreciated, net	<u>8,540</u>	<u>9,487</u>	<u>—</u>	<u>18,027</u>
Total Partners for Affordable Housing	<u>\$ 15,139</u>	<u>\$ 9,748</u>	<u>\$ 5,760</u>	<u>\$ 19,127</u>

PAH follows the same capitalization levels and depreciation lives as the Housing Agency.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

C. Long-term Liabilities

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>	<u>Due within one year</u>
Loans payable	\$ 6,125	\$ 1,635	\$ 1,121	\$ 6,639	\$ 34
Total	\$ <u>6,125</u>	\$ <u>1,635</u>	\$ <u>1,121</u>	\$ <u>6,639</u>	\$ <u>34</u>

Loans payable consist of two loans at December 31, 2009:

- A second mortgage in the original amount of \$5,067 bears interest at 4.9% per annum and matures on December 31, 2055. As of December 31, 2009, the entire balance of the loan is outstanding. Starting on the date of the first advance on the note and ending on the maturity date, December 31, 2055, interest shall be accrued and compounded annually at a rate of 4.9% per annum. Annual payments of interest shall be made in an amount equal to the lesser of (1) all accrued and unpaid interest on the loan or, (ii) the net available operating cash flow amount, as defined in the Partnership Agreement. The outstanding principal and any unpaid interest shall be due and payable on the maturity date. The loan is collateralized by real estate held for lease and an assignment of rents and leases. Accrued interest payable totaled \$508 at December 31, 2009.
- A note payable in the original amount of \$1,750 for the purchase and renovation of a HUD Section 8 housing project. The note is collateralized by a first mortgage on the property and is insured by HUD under Section 223(f) of the National Housing Act. The mortgage is subsidized by HUD interest reduction payments. The mortgage bears interest at the rate of 6.85% per annum and calls for monthly payments of interest subsidy. The note is due in April 2032. The mortgage may not be prepaid during the first five years. It is then subject to a prepayment penalty of 5.00% in year six, with the penalty declining by 1.00% each year thereafter. At December 31, 2009, the outstanding balance of the note is \$1,572.

Scheduled maturities on loans payable as of year ending December 31, 2009 are as follows:

<u>Year ending December 31</u>	
2010	\$ 34
2011	33
2012	36
2013	38
2014	41
2015 – 2019	252
2020 – 2024	354
2025 – 2029	498
2030 – 2034	286
Thereafter	<u>5,067</u>
Total	\$ <u>6,639</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2009
(In thousands)

23. Subsequent Events

A. Credit Market Conditions

Recent market conditions have resulted in an unusually high degree of volatility and increased the risk associated with certain investments held by the City which could impact the value of investments after the date of these financial statements.

B. Debt Issuances

On March 17, 2010, the City issued Sanitary District Limited Recourse Notes, Series 2010 A with a maximum borrowing amount of up to \$85,000. The notes will mature on March 17, 2012, with an option to extend up to March 17, 2015. The notes are secured by Sanitary District revenues. The proceeds of the notes will provide a portion of construction funds for the combined sewer overflow projects.

On May 18, 2010, the City entered into a lease purchase agreement with CAFCO-Indiana Leasing Trust, as Lessor in which they issued Certificates of Participation, Series 2010 A and B in the amount of \$6,010 and \$1,360, respectively. The proceeds will be used by Indianapolis Metropolitan Police Department to purchase police cruisers and the Department of Public Works to purchase vehicles. Principal amounts ranging from \$75 to \$580 are payable on December 1 and June 1, beginning December 1, 2010 with the last payment due on June 1, 2018.

On June 3, 2010, the City issued Redevelopment District Tax Increment Revenue Bonds, Series 2010 A in the amount of \$7,200. The proceeds were used to pay off the Redevelopment District Limited Recourse Notes, Series 2006 C in the amount of \$5,000 and to fund a housing program in the Near Eastside TIF District. The bonds are payable in principal amounts ranging from \$163 to \$335 with a final maturity of February 1, 2025.

On July 8, 2010, the City issued Economic Development Tax Increment Revenue Bonds, Series 2010 A in the amount of \$17,375. The proceeds will be used to fund additions and improvements for the Dow AgroSciences' global headquarters and research and development facilities located within the City of Indianapolis. The bonds are payable in principal amounts ranging from \$485 to \$2,085 with a final maturity of February 1, 2025.

C. Sale of City's Water and Sewer Utilities

The City is in negotiations with Citizens Energy Group to sell the City's water and sewer utilities. The primary assets to be sold include the Waterworks production and distribution systems, and the wastewater collection and treatment system, including the advanced wastewater treatment facilities. The anticipated transaction would also contemplate the assumption of related sewer and water utility outstanding debt by Citizens Energy Group. Citizens Energy Group is governed by a five-member board of trustees and seven-member board of directors. The board of directors and trustees are fully accountable to state and local elected officials, and regulators including the Indiana Utility Regulatory Commission and Indiana Department of Environmental Management. On June 11, 2010, the Board of Waterworks approved the sale; the next measure is expected to go before the City-County Council for approval in late July 2010.

D. Franklin Township Fire Merger

On June 28, 2010, the City-County Council approved the consolidation of the Franklin Township Fire Department into the Indianapolis Fire Department ("IFD"), effective July 1, 2010. The purpose of the consolidation is to enhance fire protection services.

E. Tax Anticipation Warrant Repayment

In April 2010, the City paid \$56,506 of tax anticipation warrants that were outstanding at December 31, 2009, which left a remaining balance of \$39,400.

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Required
Supplementary Information

CITY OF INDIANAPOLIS
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2009
(In thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:				
Taxes	\$ 315,525	\$ 285,643	\$ 220,132	\$ (65,511)
Licenses and permits	11,565	11,207	11,754	547
Charges for services	164,822	165,290	155,225	(10,065)
Intergovernmental revenues	37,791	55,056	50,333	(4,723)
Traffic violations and court fees	2,072	2,072	7,380	5,308
Intragovernmental revenues	16,873	4,664	2,885	(1,779)
Interest and other operating revenues	13,436	13,586	2,490	(11,096)
Total revenues	<u>562,084</u>	<u>537,518</u>	<u>450,199</u>	<u>(87,319)</u>
Expenditures:				
Current:				
General government	18,273	18,272	20,481	(2,209)
Public safety	243,992	241,991	241,137	854
Public works	138,848	138,850	134,851	3,999
Health and welfare	4,486	4,486	3,657	829
Cultural and recreation	25,405	25,322	24,849	473
Urban redevelopment and housing	8,436	8,435	7,717	718
Economic development and assistance	2,091	2,091	1,577	514
Capital outlays	63,501	63,501	57,716	5,785
Total expenditures	<u>505,032</u>	<u>502,948</u>	<u>491,985</u>	<u>10,963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57,052</u>	<u>34,570</u>	<u>(41,786)</u>	<u>(76,356)</u>
Other financing sources and (uses):				
Sale and lease of property	1,523	1,522	1,499	(23)
Transfers in (out)	(50,337)	(36,922)	(7,888)	29,034
Total other financing sources and (uses)	<u>(48,814)</u>	<u>(35,400)</u>	<u>(6,389)</u>	<u>29,011</u>
Revenues over (under) expenditures and other financing sources and (uses)	8,238	(830)	(48,175)	(47,345)
Unreserved fund balance at beginning of year	122,278	103,671	121,848	18,177
Cancellation of purchase orders and other	(21,191)	25,808	93,353	67,545
Unreserved fund balance at end of year	<u>\$ 109,325</u>	<u>\$ 128,649</u>	<u>\$ 167,026</u>	<u>\$ 38,377</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedules of Funding Progress
(In thousands)

Asset valuation date	Actuarial value of assets	Actuarial accrued liability (AAL) entry age	Unfunded (overfunded) AAL (UAAL)	Funded ratio	Covered payroll	UAAL as a percentage of covered payroll
Police (City) Plan						
1/1/2009	\$ —	\$ 434,034	\$ 434,034	— %	\$ 1,593	27,246 %
1/1/2008	—	416,860	416,860	—	2,983	13,975
1/1/2007	—	418,288	418,288	—	6,502	6,433
1/1/2006	—	416,473	416,473	—	6,918	6,020
1/1/2005	—	410,996	410,996	—	7,891	5,208
1/1/2004	—	422,051	422,051	—	8,540	4,942
Firefighters (City) Plan						
1/1/2009	\$ —	\$ 427,480	\$ 427,480	— %	\$ 2,596	16,467 %
1/1/2008	—	314,836	314,836	—	2,927	10,756
1/1/2007	—	333,998	333,998	—	4,644	7,192
1/1/2006	—	352,202	352,202	—	6,115	5,760
1/1/2005	—	365,792	365,792	—	9,019	4,056
1/1/2004	—	375,302	375,302	—	9,650	3,889
All Other City Employees Plan*						
7/1/2009	\$ 115,618	\$ 117,645	\$ 2,027	98 %	\$ 76,801	3 %
7/1/2008	126,800	112,664	(14,136)	113	71,787	20
7/1/2007	120,125	102,008	(18,117)	118	68,937	26

* Information required for only most recent actuarial valuation and the two preceding valuations

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedules of Employer Contributions
(In thousands)

		Police and Firefighters (PERF)			All Other City Employees (PERF)		
		Annual required contribution	Percentage contributed		Annual required contribution	Percentage contributed	
Plan year ended 6/30							
2009	\$	20,850	100	%	\$	3,051	100 %
2008		24,818	100			2,667	108
2007		22,513	100			2,774	82
2006		18,335	100			2,988	66
2005		17,442	100			2,228	76
2004		15,980	100			1,183	66

		Police (City)			Firefighters (City)		
		Annual required contribution	Percentage contributed		Annual required contribution	Percentage contributed	
Plan year ended December 31							
2009	\$	32,801	88	%	\$	32,631	84 %
2008		31,403	91			23,903	110
2007		31,939	80			25,547	98
2006		31,494	76			26,823	87
2005		31,009	77			28,175	74
2004		50,257	45			45,226	43

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Postemployment Benefit Obligation Supplementary Information
Schedule of Funding Progress
(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2009	— \$	140,288 \$	140,288 \$	— %	251,005 \$	55.89 %
12/31/2007 *	—	137,738	137,738	—	236,782	58.17
12/31/2007	—	137,738	137,738	—	229,247	60.08

* In accordance with GASB Statement No. 45, the City has an actuarial valuation completed biennially.

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2009
(In thousands)

1. Budgets and Budgetary Accounting

- A) The City is required by state statute and Council ordinance to adopt annual budgets for all subfunds of the General Fund; all Special Revenue Funds except the Cable Franchise PEG Grants Fund; all Debt Service Funds; the City Cumulative Capital Development and the County Cumulative Capital Development Capital Projects Funds; and the Police Pension and Firefighters Pension Trust Funds to the object level of control. These budgets require City-County Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges). In addition, control is achieved for other capital projects funds by the original bond resolutions that are required by state statute to be approved by the City-County Council for all bond issues for taxing units within the consolidated City. These originating bond resolutions serve as the basis for the appropriations for capital projects. These appropriations do not lapse at year-end. All other City sources of finance for capital projects are required to be appropriated within the providing City budgetary fund. Control over spending from funds, which are not subject to the City-County Council appropriation process, is accomplished by the requirement that all disbursements of such funds be made only to a budgeted fund.

The City-County Council may amend appropriations by transferring unencumbered appropriations from one object to another within the same fund, and may also make additional appropriations to the extent of unappropriated fund balances. Transfers of appropriations from one line item to another within the object level of control may be approved by City management. During the year, for the General Fund, the following supplementary appropriations were properly approved:

	General Fund
Original appropriations	\$ 505,032
Revisions	<u>(2,084)</u>
Revised appropriations	<u><u>\$ 502,948</u></u>

The budget information disclosed includes the budget ordinances as amended. Internal charges are recorded as expenditures in one fund and negative expenditures in the receiving fund. Budgeted disbursements may exceed estimated revenues as appropriations contemplate the utilization of beginning fund balances. Except for Capital Projects Funds (excluding Cumulative Capital Development Funds) and certain Special Revenue Funds, unencumbered appropriations lapse with the expiration of the budgetary period. All budgets are prepared on the cash basis of accounting with the exception of revenues received in the current year but budgeted for in a prior year and encumbrances and certain accounts payable are treated as expenditures.

- B) The City's procedures in establishing the budget are as follows:
- 1) Prior to July 1, the Department Directors, in conjunction with the Mayor's staff and the City Controller, develop budgets for the subsequent calendar year for the individual divisions within their respective departments.
 - 2) In July, the City Controller prepares the budget ordinances, which are introduced by the Mayor to the City-County Council at the first August Council meeting. In developing these budgets, the City Controller adds the June 30 cash and investment balances to estimated revenues to be received and expenditures to be incurred July 1 through December 31 in arriving at a December 31 "projected budgetary fund balance." The projected budgetary fund balance and estimated revenues for the ensuing year are reduced by that year's budgeted expenditures in developing the amount to be funded from ad valorem property taxes, to the extent of the maximum levy. By using this procedure, any actual results favorable or unfavorable to those estimated for any year are incorporated into the subsequent year's budget.
 - 3) The Council assigns the introduced budgets to the appropriate Council Committees. In August and September, each Council Committee holds public hearings on the budget of the

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2009
(In thousands)

department or division for which it is responsible.

- 4) Before Council budget ordinances are approved by the Council, they are advertised by the City Controller twice in a local newspaper prior to the last Council meeting in September. The Council may not pass a budget above the level advertised. The Mayor may veto separate items of an approved budget ordinance, but the Council may override a veto by a two-thirds vote.
 - 5) The Indiana Department of Local Government Finance makes the final review of the budget. It can revise, reduce, or restore on appeal budgets, levies, and tax rates removed by the City-County Council. Except for Debt Service Funds, the Indiana Department of Local Government Finance may not increase a budget, levy, or tax rate above the level originally advertised. If the budgets seek to exceed the tax limits of the state control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance is required to certify the budgets, levies, and rates by January 15.
 - 6) The City's maximum permissible annual ad valorem property tax levy is restricted by Indiana law, with certain adjustments and exceptions, to the prior year's maximum permissible ad valorem property tax levy adjusted by the average growth factor in nonfarm income in the State of Indiana.
- C) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Pension Trust Funds. Encumbrances do not lapse with the expiration of the budget period. Encumbrances to be financed from future revenues other than approved grant revenues are recorded in their entirety as a reservation of fund balance since they do not constitute expenditures.
- D) In 2009, the City exceeded the appropriation for the Revenue Debt Service Fund by \$1,574. This was due to the refunding of one bond and additional principal payments that were made in accordance with the bond provisions.

2. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2009 operations from a budgetary basis to a GAAP basis are as follows:

	General Fund
Revenues under expenditures and other financing sources and uses (budgetary basis)	\$ (48,175)
Adjustments:	
Accrued revenues	230,874
Accrued expenditures	(77,322)
Transfers, net	(36,908)
Encumbrances	57,152
Expenditures from prior year encumbrances	(31,417)
Net change in fund balances (GAAP basis)	\$ 94,204

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2009
(In thousands)

3. Copy of Pension Plan's Report

The Public Employees' Retirement Fund of Indiana ("PERF") issues a publicly available financial report that includes financial statements and required supplementary information for the City's Police and Firefighters (PERF) Plan and the All Other City Employees Plans. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, Indiana 46204.

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Additional
Supplementary Information

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type
December 31, 2009
(In thousands)

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Equity in pooled cash	\$ 6,208	\$ 28,819	\$ 18,204	\$ —	\$ 53,231
Cash and investments with fiscal agents	—	4,719	20,920	376	26,015
Investments	2,462	11,590	7,315	—	21,367
Accrued interest receivable	12	29	32	—	73
Property taxes receivable	—	12,120	4,461	—	16,581
Accounts receivable	198	379	4,381	—	4,958
Due from federal and state governments	7,857	—	—	—	7,857
Long-term receivables	1,300	—	—	—	1,300
	<u>18,037</u>	<u>57,656</u>	<u>55,313</u>	<u>376</u>	<u>131,382</u>
Total assets	\$ 18,037	\$ 57,656	\$ 55,313	\$ 376	\$ 131,382
LIABILITIES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 26,951	\$ —	\$ —	\$ 26,951
Matured interest payable	—	8,625	—	—	8,625
Accounts payable and other accrued liabilities	4,895	184	3,259	—	8,338
Accrued payroll and payroll taxes	104	—	—	—	104
Tax anticipation warrants	—	6,862	3,102	—	9,964
Due to other funds	996	—	2,019	—	3,015
Deferred revenue	9,218	155	117	—	9,490
	<u>15,213</u>	<u>42,777</u>	<u>8,497</u>	<u>—</u>	<u>66,487</u>
Total liabilities	15,213	42,777	8,497	—	66,487
Fund balances:					
Reserved for long-term receivables	1,300	—	—	—	1,300
Reserved for encumbrances	1,340	—	20,255	—	21,595
Reserved for debt service	—	16,809	—	—	16,809
Unreserved	184	(1,930)	26,561	376	25,191
	<u>2,824</u>	<u>14,879</u>	<u>46,816</u>	<u>376</u>	<u>64,895</u>
Total fund balances	2,824	14,879	46,816	376	64,895
Total liabilities and fund balances	\$ 18,037	\$ 57,656	\$ 55,313	\$ 376	\$ 131,382

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds by Fund Type
Year ended December 31, 2009
(In thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 34,697	\$ 38,047	\$ 23,612	\$ —	\$ 96,356
Charges for services	2,432	—	—	—	2,432
Intergovernmental revenues	36,893	—	4,330	—	41,223
Traffic violations and court fees	4,993	—	—	—	4,993
Interest and other operating revenues	279	4,219	375	(1)	4,872
Total revenues	<u>79,294</u>	<u>42,266</u>	<u>28,317</u>	<u>(1)</u>	<u>149,876</u>
Expenditures:					
Current:					
General government	715	—	—	—	715
Public safety	45,705	—	—	—	45,705
Public works	763	—	—	—	763
Health and welfare	1,770	—	—	—	1,770
Cultural and recreation	791	—	—	—	791
Urban redevelopment and housing	20,504	—	—	—	20,504
Economic development and assistance	617	—	22,126	—	22,743
Debt service:					
Redemption of bonds and notes	21	31,286	1,868	—	33,175
Interest on bonds and notes	1	19,733	388	—	20,122
Bond and note issuance costs	—	101	12	—	113
Advance refunding escrow	—	299	—	—	299
Operating lease payments and administration	—	14,634	—	—	14,634
Capital outlays	5,286	—	27,275	—	32,561
Total expenditures	<u>76,173</u>	<u>66,053</u>	<u>51,669</u>	<u>—</u>	<u>193,895</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,121</u>	<u>(23,787)</u>	<u>(23,352)</u>	<u>(1)</u>	<u>(44,019)</u>
Other financing sources and (uses):					
Bonds and notes issued	—	—	1,804	—	1,804
Premium on bonds and notes issued	—	185	—	—	185
Refunding bonds issued	—	5,350	—	—	5,350
Payment to refunded bond escrow agent	—	(5,350)	—	—	(5,350)
Transfers in	—	16,972	66	—	17,038
Transfers out	(2,150)	—	(3,541)	—	(5,691)
Total other financing sources and (uses)	<u>(2,150)</u>	<u>17,157</u>	<u>(1,671)</u>	<u>—</u>	<u>13,336</u>
Net change in fund balances	971	(6,630)	(25,023)	(1)	(30,683)
Fund balances at beginning of year	1,853	21,509	71,839	377	95,578
Fund balances at end of year	<u>\$ 2,824</u>	<u>\$ 14,879</u>	<u>\$ 46,816</u>	<u>\$ 376</u>	<u>\$ 64,895</u>

See accompanying independent auditors' report.

General Fund

The General Fund is used to account for all financial resources of the City of Indianapolis except those required to be accounted for in another fund. Thus, all general operating revenues which are not restricted as to use by sources outside of the City are recorded in the General Fund. Further, as required by statute, the financial resources of the General Fund are accounted for in a series of sub-funds as follows:

Consolidated County -	to account for all financial resources for which the taxpayer base is county-wide
Redevelopment -	to account for all financial resources of the Redevelopment special taxing district for economic development activities
Solid Waste Collection -	to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
Solid Waste Disposal -	to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
Sanitation -	to account for all financial resources of the Sanitation special taxing district for liquid waste services
Transportation -	to account for all financial resources of the Metropolitan Thoroughfare special taxing district
Fire -	to account for all financial resources of the Fire special service district
Pension Stabilization -	to account for proceeds to be applied to unfunded costs of the police and fire pension obligations
Park -	to account for all financial resources of the Park special taxing district
Metropolitan Police -	to account for all financial resources of the consolidated Indianapolis Metropolitan Police Department
Storm Water Management -	to account for all financial resources for storm water drainage services

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CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2009
(In thousands)

	General Fund Total	Intrafund Eliminations	Consolidated County	Redevelop- ment	Solid Waste		Sanitation
					Collection	Disposal	
ASSETS							
Equity in pooled cash	\$ 163,033	\$ —	\$ 40,056	\$ 10,662	\$ 3,614	\$ 3,149	\$ 54,071
Cash and investments with fiscal agents	308	—	—	—	—	—	—
Investments	66,297	—	16,865	4,292	1,455	1,267	21,763
Accrued interest receivable	206	—	62	10	8	—	95
Property taxes receivable	50,774	—	7,844	520	9,529	—	—
Accounts receivable	60,945	—	4,900	802	393	4,722	22,822
Allowance for estimated uncollectibles – accounts receivable	(7,319)	—	—	—	—	(30)	(6,494)
Due from other funds	25,801	—	25,415	—	—	—	—
Due from federal and state governments	126	—	112	—	—	—	—
Intrafund receivable	—	(140)	140	—	—	—	—
Long-term receivables	21	—	21	—	—	—	—
Total assets	<u>\$ 360,192</u>	<u>\$ (140)</u>	<u>\$ 95,415</u>	<u>\$ 16,286</u>	<u>\$ 14,999</u>	<u>\$ 9,108</u>	<u>\$ 92,257</u>
LIABILITIES AND FUND BALANCE (DEFICIT)							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 29,321	\$ —	\$ 6,669	\$ 105	\$ 2,039	\$ 2,218	\$ 9,109
Accrued payroll and payroll taxes	23,948	—	19,046	18	156	—	78
Tax anticipation warrants	85,942	—	—	—	5,743	—	—
Intrafund payable	—	(140)	—	—	—	—	—
Deferred revenue	9,620	—	588	6	212	1,432	2,858
Total liabilities	<u>148,831</u>	<u>(140)</u>	<u>26,303</u>	<u>129</u>	<u>8,150</u>	<u>3,650</u>	<u>12,045</u>
Fund balance (deficit):							
Reserved for long-term receivables	21	—	21	—	—	—	—
Reserved for encumbrances	48,738	—	17,752	38	2,014	3,631	3,523
Unreserved	162,602	—	51,339	16,119	4,835	1,827	76,689
Total fund balance (deficit)	<u>211,361</u>	<u>—</u>	<u>69,112</u>	<u>16,157</u>	<u>6,849</u>	<u>5,458</u>	<u>80,212</u>
Total liabilities and fund balance (deficit)	<u>\$ 360,192</u>	<u>\$ (140)</u>	<u>\$ 95,415</u>	<u>\$ 16,286</u>	<u>\$ 14,999</u>	<u>\$ 9,108</u>	<u>\$ 92,257</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2009
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
ASSETS					
Equity in pooled cash	\$ 6,426	\$ 10,067	\$ 7,169	\$ 17,472	\$ 10,347
Cash and investments with fiscal agents	308	—	—	—	—
Investments	2,587	4,052	2,819	7,032	4,165
Accrued interest receivable	6	3	5	—	17
Property taxes receivable	—	15,753	6,519	10,609	—
Accounts receivable	6,898	3,991	277	5,034	11,106
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(795)
Due from other funds	—	—	—	—	386
Due from federal and state governments	2	—	—	12	—
Intrafund receivable	—	—	—	—	—
Long-term receivables	—	—	—	—	—
Total assets	<u>\$ 16,227</u>	<u>\$ 33,866</u>	<u>\$ 16,789</u>	<u>\$ 40,159</u>	<u>\$ 25,226</u>
LIABILITIES AND FUND BALANCE (DEFICIT)					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 5,078	\$ 829	\$ 510	\$ 900	\$ 1,864
Accrued payroll and payroll taxes	382	1,574	294	2,335	65
Tax anticipation warrants	—	30,140	15,860	34,199	—
Intrafund payable	—	140	—	—	—
Deferred revenue	114	415	195	408	3,392
Total liabilities	<u>5,574</u>	<u>33,098</u>	<u>16,859</u>	<u>37,842</u>	<u>5,321</u>
Fund balance (deficit):					
Reserved for long-term receivables	—	—	—	—	—
Reserved for encumbrances	12,365	464	559	344	8,048
Unreserved	(1,712)	304	(629)	1,973	11,857
Total fund balance (deficit)	<u>10,653</u>	<u>768</u>	<u>(70)</u>	<u>2,317</u>	<u>19,905</u>
Total liabilities and fund balance (deficit)	<u>\$ 16,227</u>	<u>\$ 33,866</u>	<u>\$ 16,789</u>	<u>\$ 40,159</u>	<u>\$ 25,226</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2009
(In thousands)

	<u>General Fund Total</u>	<u>Intrafund eliminations</u>	<u>Consolidated County</u>	<u>Redevelop- ment</u>	<u>Solid Waste</u>		<u>Sanitation</u>
					<u>Collection</u>	<u>Disposal</u>	
Revenues:							
Taxes	\$ 342,734	\$ —	\$ 29,667	\$ 2,598	\$ 41,531	\$ —	\$ —
Licenses and permits	11,887	—	7,396	—	4	—	4,073
Charges for services	198,385	—	12,195	32	148	28,795	116,380
Other intergovernmental revenues:							
Federal revenues	4,134	—	103	—	—	—	285
State revenues	97,052	—	4,278	750	102	—	—
Other revenues	9,296	—	3,352	—	—	—	—
Intragovernmental revenue	3,338	—	3,338	—	—	—	—
Traffic violations and court fees	8,609	—	1,145	5,000	328	—	12
Interest and other operating revenues	6,492	—	1,304	354	334	217	584
Total revenues	<u>681,927</u>	<u>—</u>	<u>62,778</u>	<u>8,734</u>	<u>42,447</u>	<u>29,012</u>	<u>121,334</u>
Expenditures:							
Current:							
General government	21,127	—	21,127	—	—	—	—
Public safety	307,085	—	13,923	—	—	—	—
Public works	132,495	—	2,297	—	24,761	9,357	57,723
Health and welfare	3,158	—	1,124	—	550	—	1,383
Cultural and recreation	24,640	—	1,000	—	—	—	—
Urban redevelopment and housing	9,589	—	7,564	1,622	—	—	—
Economic development and assistance	1,565	—	1,107	458	—	—	—
Debt service:							
Redemption of bonds and notes	1,184	—	153	—	—	—	915
Interest on bonds and notes	1,298	—	19	—	260	—	—
Operating lease payments and administration	25	—	11	1	—	—	10
Capital outlay	41,406	—	6,227	128	2,945	—	2,717
Total expenditures	<u>543,572</u>	<u>—</u>	<u>54,552</u>	<u>2,209</u>	<u>28,516</u>	<u>9,357</u>	<u>62,748</u>
Excess (deficiency) of revenues over (under) expenditures	<u>138,355</u>	<u>—</u>	<u>8,226</u>	<u>6,525</u>	<u>13,931</u>	<u>19,655</u>	<u>58,586</u>
Other financing sources and (uses):							
Sales of capital assets	645	—	640	—	—	—	—
Transfers in	3,589	(59,641)	41,408	555	—	—	(2,115)
Transfers out	(48,385)	59,641	(9,100)	(2,955)	(138)	(41,007)	(49,946)
Total other financing sources and (uses)	<u>(44,151)</u>	<u>—</u>	<u>32,948</u>	<u>(2,400)</u>	<u>(138)</u>	<u>(41,007)</u>	<u>(52,061)</u>
Net change in fund balance	94,204	—	41,174	4,125	13,793	(21,352)	6,525
Fund balance (deficit) at beginning of year	117,157	—	27,938	12,032	(6,944)	26,810	73,687
Fund balance (deficit) at end of year	<u>\$ 211,361</u>	<u>\$ —</u>	<u>\$ 69,112</u>	<u>\$ 16,157</u>	<u>\$ 6,849</u>	<u>\$ 5,458</u>	<u>\$ 80,212</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2009
(In thousands)

	<u>Transportation</u>	<u>Fire</u>	<u>Park</u>	<u>Metropolitan Police</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 9,437	\$ 96,350	\$ 22,805	\$ 140,346	\$ —
Licenses and permits	—	28	—	385	1
Charges for services	3,970	3,343	4,395	1,781	27,346
Other intergovernmental revenues:					
Federal revenues	3,682	—	9	55	—
State revenues	30,138	29,288	—	32,496	—
Other revenues	264	5,598	—	82	—
Intragovernmental revenue	—	—	—	—	—
Traffic violations and court fees	—	—	—	2,124	—
Interest and other operating revenues	2,444	(4)	443	583	233
Total revenues	<u>49,935</u>	<u>134,603</u>	<u>27,652</u>	<u>177,852</u>	<u>27,580</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public safety	—	126,467	—	165,885	810
Public works	33,178	—	—	—	5,179
Health and welfare	101	—	—	—	—
Cultural and recreation	276	—	23,364	—	—
Urban redevelopment and housing	403	—	—	—	—
Economic development and assistance	—	—	—	—	—
Debt service:					
Redemption of bonds and notes	—	—	116	—	—
Interest on bonds and notes	—	450	204	365	—
Operating lease payments and administration	—	—	2	1	—
Capital outlay	17,069	814	486	60	10,960
Total expenditures	<u>51,027</u>	<u>127,731</u>	<u>24,172</u>	<u>166,311</u>	<u>16,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,092)</u>	<u>6,872</u>	<u>3,480</u>	<u>11,541</u>	<u>10,631</u>
Other financing sources and (uses):					
Sales of capital assets	—	1	—	4	—
Transfers in	3,214	11,600	180	8,388	—
Transfers out	—	—	—	—	(4,880)
Total other financing sources and (uses)	<u>3,214</u>	<u>11,601</u>	<u>180</u>	<u>8,392</u>	<u>(4,880)</u>
Net change in fund balance	2,122	18,473	3,660	19,933	5,751
Fund balance (deficit) at beginning of year	8,531	(17,705)	(3,730)	(17,616)	14,154
Fund balance (deficit) at end of year	<u>\$ 10,653</u>	<u>\$ 768</u>	<u>\$ (70)</u>	<u>\$ 2,317</u>	<u>\$ 19,905</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Total General Fund		Consolidated County		Redevelopment		Solid Waste Collection	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 285,643	\$ 220,132	\$ 24,286	\$ 15,516	\$ 1,417	\$ 1,494	\$ 29,937	\$ 19,054
Licenses and permits	11,207	11,754	8,877	7,279	—	—	—	4
Charges for services	165,290	155,225	12,942	10,501	60	33	165	143
Other intergovernmental revenues:								
Federal revenues	660	3,388	620	46	—	—	—	—
State revenues	43,811	38,791	5,471	4,689	1,200	—	200	—
Other revenues	10,585	8,154	2,452	4,137	—	—	—	—
Traffic violations and court fees	2,072	7,380	556	892	—	5,000	285	76
Intragovernmental revenues	4,664	2,885	4,664	2,885	—	—	—	—
Interest and other operating revenues	13,586	2,490	1,475	572	99	105	220	283
Total revenues	<u>537,518</u>	<u>450,199</u>	<u>61,343</u>	<u>46,517</u>	<u>2,776</u>	<u>6,632</u>	<u>30,807</u>	<u>19,560</u>
Expenditures:								
Current:								
General government	18,272	20,481	18,272	20,481	—	—	—	—
Public safety	241,991	241,137	14,434	13,735	—	—	—	—
Public works	138,850	134,851	3,785	2,943	—	—	25,991	25,295
Health and welfare	4,486	3,657	2,231	1,420	—	—	674	674
Cultural and recreation	25,322	24,849	1,000	1,000	—	—	—	—
Urban redevelopment and housing	8,435	7,717	6,000	5,688	1,708	1,383	—	—
Economic development and assistance	2,091	1,577	922	1,116	1,169	461	—	—
Capital outlays	63,501	57,716	17,897	17,204	581	75	427	423
Total expenditures	<u>502,948</u>	<u>491,985</u>	<u>64,541</u>	<u>63,587</u>	<u>3,458</u>	<u>1,919</u>	<u>27,092</u>	<u>26,392</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,570</u>	<u>(41,786)</u>	<u>(3,198)</u>	<u>(17,070)</u>	<u>(682)</u>	<u>4,713</u>	<u>3,715</u>	<u>(6,832)</u>
Other financing sources and (uses):								
Sale of capital assets	1,522	1,499	195	638	630	309	—	—
Transfers in (out)	(36,922)	(7,888)	2,366	28,610	(3,662)	(2,622)	(138)	(138)
Total other financing sources and (uses)	<u>(35,400)</u>	<u>(6,389)</u>	<u>2,561</u>	<u>29,248</u>	<u>(3,032)</u>	<u>(2,313)</u>	<u>(138)</u>	<u>(138)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(830)</u>	<u>(48,175)</u>	<u>(637)</u>	<u>12,178</u>	<u>(3,714)</u>	<u>2,400</u>	<u>3,577</u>	<u>(6,970)</u>
Unreserved fund balance at beginning of year	103,671	121,848	20,824	31,061	10,988	12,139	1,928	776
Cancellation of purchase orders and other	25,808	93,353	8,665	9,317	974	1,601	(1,551)	12,338
Unreserved fund balances at end of year	<u>\$ 128,649</u>	<u>\$ 167,026</u>	<u>\$ 28,852</u>	<u>\$ 52,556</u>	<u>\$ 8,248</u>	<u>\$ 16,140</u>	<u>\$ 3,954</u>	<u>\$ 6,144</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Solid Waste Disposal		Sanitation		Transportation		Metropolitan Police	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 8,900	\$ 7,623	\$ 119,674	\$ 102,052
Licenses and permits	—	—	1,821	4,060	—	—	498	381
Charges for services	8,975	4,395	110,841	115,430	3,400	2,757	1,542	1,769
Other intergovernmental revenues:								
Federal revenues	—	—	—	212	40	3,130	—	—
State revenues	—	—	—	—	33,005	30,209	3,675	3,626
Other revenues	—	—	—	—	140	265	731	50
Traffic violations and court fees	—	—	—	12	—	—	1,231	1,400
Intragovernmental revenues	—	—	—	—	—	—	—	—
Interest and other operating revenues	210	14	1,935	736	6,580	119	1,936	401
Total revenues	<u>9,185</u>	<u>4,409</u>	<u>114,597</u>	<u>120,450</u>	<u>52,065</u>	<u>44,103</u>	<u>129,287</u>	<u>109,679</u>
Expenditures:								
Current:								
General government	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	129,714	129,663
Public works	12,025	10,517	57,447	57,348	33,451	33,269	—	—
Health and welfare	—	—	1,501	1,483	80	80	—	—
Cultural and recreation	—	—	—	—	371	278	—	—
Urban redevelopment and housing	—	—	—	—	727	646	—	—
Economic development and assistance	—	—	—	—	—	—	—	—
Capital outlays	—	—	6,346	6,314	23,084	19,664	98	28
Total expenditures	<u>12,025</u>	<u>10,517</u>	<u>65,294</u>	<u>65,145</u>	<u>57,713</u>	<u>53,937</u>	<u>129,812</u>	<u>129,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,840)</u>	<u>(6,108)</u>	<u>49,303</u>	<u>55,305</u>	<u>(5,648)</u>	<u>(9,834)</u>	<u>(525)</u>	<u>(20,012)</u>
Other financing sources and (uses):								
Sale of capital assets	170	208	28	—	—	—	28	86
Transfers in (out)	—	—	(53,757)	(52,060)	3,212	3,214	8,388	8,388
Total other financing sources and (uses)	<u>170</u>	<u>208</u>	<u>(53,729)</u>	<u>(52,060)</u>	<u>3,212</u>	<u>3,214</u>	<u>8,416</u>	<u>8,474</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(2,670)</u>	<u>(5,900)</u>	<u>(4,426)</u>	<u>3,245</u>	<u>(2,436)</u>	<u>(6,620)</u>	<u>7,891</u>	<u>(11,538)</u>
Unreserved fund balance at beginning of year	3,328	4,498	53,400	58,462	4	(742)	273	(340)
Cancellation of purchase orders and other	2,294	4,012	12,689	2,688	3,867	9,379	(4,302)	16,546
Unreserved fund balances at end of year	<u>\$ 2,952</u>	<u>\$ 2,610</u>	<u>\$ 61,663</u>	<u>\$ 64,395</u>	<u>\$ 1,435</u>	<u>\$ 2,017</u>	<u>\$ 3,862</u>	<u>\$ 4,668</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Fire		Park		Storm Water Management	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 80,777	\$ 61,401	\$ 20,652	\$ 12,992	\$ —	\$ —
Licenses and permits	11	29	—	—	—	1
Charges for services	3,936	3,371	5,429	4,398	18,000	12,428
Other intergovernmental revenues:						
Federal revenues	—	—	—	—	—	—
State revenues	260	267	—	—	—	—
Other revenues	7,262	3,702	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	(95)	(85)	426	207	800	138
Total revenues	<u>92,151</u>	<u>68,685</u>	<u>26,507</u>	<u>17,597</u>	<u>18,800</u>	<u>12,567</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	96,713	96,626	—	—	1,130	1,113
Public works	—	—	—	—	6,151	5,479
Health and welfare	—	—	—	—	—	—
Cultural and recreation	—	—	23,951	23,571	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	904	863	637	566	13,527	12,579
Total expenditures	<u>97,617</u>	<u>97,489</u>	<u>24,588</u>	<u>24,137</u>	<u>20,808</u>	<u>19,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,466)</u>	<u>(28,804)</u>	<u>1,919</u>	<u>(6,540)</u>	<u>(2,008)</u>	<u>(6,604)</u>
Other financing sources and (uses):						
Sale of capital assets	—	1	321	230	150	27
Transfers in (out)	11,600	11,600	—	—	(4,931)	(4,880)
Total other financing sources and (uses)	<u>11,600</u>	<u>11,601</u>	<u>321</u>	<u>230</u>	<u>(4,781)</u>	<u>(4,853)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>6,134</u>	<u>(17,203)</u>	<u>2,240</u>	<u>(6,310)</u>	<u>(6,789)</u>	<u>(11,457)</u>
Unreserved fund balance at beginning of year	191	1,875	(257)	(690)	12,992	14,809
Cancellation of purchase orders and other	695	18,636	(1,869)	7,220	4,346	11,616
Unreserved fund balances at end of year	<u>\$ 7,020</u>	<u>\$ 3,308</u>	<u>\$ 114</u>	<u>\$ 220</u>	<u>\$ 10,549</u>	<u>\$ 14,968</u>

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of the Mayor	Consolidated County			
Personal services		\$ 3,840	\$ 3,840	\$ —
Supplies		13	12	1
Other services and charges		1,035	1,022	13
Capital outlay		3	3	—
Internal charges		(989)	(989)	—
Total		<u>3,902</u>	<u>3,888</u>	<u>14</u>
Internal Audit	Consolidated County			
Personal services		664	664	—
Supplies		3	1	2
Other services and charges		125	90	35
Capital outlay		2	—	2
Internal charges		3	1	2
Total		<u>797</u>	<u>756</u>	<u>41</u>
City-County Council	Consolidated County			
Personal services		1,042	1,042	—
Supplies		4	4	—
Other services and charges		415	401	14
Total		<u>1,461</u>	<u>1,447</u>	<u>14</u>
Cable Franchise Board	Consolidated County			
Personal services		443	443	—
Supplies		10	9	1
Other services and charges		167	149	18
Capital outlay		15	14	1
Internal charges		1	1	—
Total		<u>636</u>	<u>616</u>	<u>20</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		\$ 2,825	\$ 2,825	\$ —
Supplies		7	7	—
Other services and charges		1,780	1,777	3
Capital outlay		5	—	5
Internal charges		(1,579)	(1,581)	2
Total		<u>3,038</u>	<u>3,028</u>	<u>10</u>
Office of Finance and Management	Consolidated County			
Personal services		4,011	4,011	—
Supplies		20	13	7
Other services and charges		2,544	2,544	—
Capital outlay		7	1	6
Internal charges		105	105	—
Total		<u>6,687</u>	<u>6,674</u>	<u>13</u>
Office of Finance and Management	Solid Waste Collection			
Other services and charges		<u>171</u>	<u>171</u>	<u>—</u>
Total		<u>171</u>	<u>171</u>	<u>—</u>
Total – Executive and Legislative		\$ <u>16,692</u>	\$ <u>16,580</u>	\$ <u>112</u>
Department of Metropolitan Development	Consolidated County			
Personal services		\$ 8,199	\$ 8,197	\$ 2
Supplies		91	58	33
Other services and charges		7,425	6,613	812
Capital outlay		245	32	213
Internal charges		879	840	39
Total		<u>16,839</u>	<u>15,740</u>	<u>1,099</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Metropolitan Development	Transportation			
Personal services		\$ 223	\$ 212	\$ 11
Supplies		1	1	—
Other services and charges		481	415	66
Internal charges		22	18	4
Total		<u>727</u>	<u>646</u>	<u>81</u>
Department of Metropolitan Development	Redevelopment			
Personal services		591	591	—
Supplies		3	2	1
Other services and charges		2,745	1,712	1,033
Capital outlay		581	75	506
Internal charges		(462)	(461)	(1)
Total		<u>3,458</u>	<u>1,919</u>	<u>1,539</u>
Total – Department of Metropolitan Development		<u>\$ 21,024</u>	<u>\$ 18,305</u>	<u>\$ 2,719</u>
Department of Public Works	Consolidated County			
Personal services		\$ 10,200	\$ 9,632	\$ 568
Supplies		15,109	14,010	1,099
Other services and charges		9,979	8,857	1,122
Capital outlay		17,433	16,978	455
Internal charges		(29,669)	(26,025)	(3,644)
Total		<u>23,052</u>	<u>23,452</u>	<u>(400)</u>
Department of Public Works	Transportation			
Personal services		14,477	14,475	2
Supplies		5,078	5,075	3
Other services and charges		9,120	9,101	19
Capital outlay		23,084	19,664	3,420
Internal charges		5,227	4,976	251
Total		<u>56,986</u>	<u>53,291</u>	<u>3,695</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Works	Solid Waste Collection			
Personal services	\$	7,759	\$	7,759
Supplies		158		154
Other services and charges		14,323		14,010
Capital outlay		427		423
Internal charges		4,254		3,875
Total		<u>26,921</u>	<u>26,221</u>	<u>700</u>
Department of Public Works	Solid Waste Disposal			
Other services and charges		11,648		10,149
Internal charges		377		368
Total		<u>12,025</u>	<u>10,517</u>	<u>1,508</u>
Department of Public Works	Sanitation			
Personal services		3,489		3,489
Supplies		70		59
Other services and charges		53,062		53,046
Capital outlay		6,346		6,314
Internal charges		2,327		2,237
Total		<u>65,294</u>	<u>65,145</u>	<u>149</u>
Department of Public Works	Storm Water Management			
Personal services		2,522		2,522
Supplies		144		144
Other services and charges		3,579		2,957
Capital outlay		13,527		12,579
Internal charges		1,036		969
Total		<u>20,808</u>	<u>19,171</u>	<u>1,637</u>
Total – Department of Public Works	\$	<u>205,086</u>	\$	<u>197,797</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Safety	Consolidated County			
Personal services		\$ 4,428	\$ 4,424	\$ 4
Supplies		222	193	29
Other services and charges		1,563	1,497	66
Capital outlay		185	174	11
Internal charges		731	698	33
Total		<u>7,129</u>	<u>6,986</u>	<u>143</u>
Indianapolis Fire Department	Fire			
Personal services		86,579	86,579	—
Supplies		1,954	1,876	78
Other services and charges		4,613	4,604	9
Capital outlay		904	863	41
Internal charges		3,567	3,567	—
Total		<u>97,617</u>	<u>97,489</u>	<u>128</u>
Total – Department of Public Safety		\$ <u>104,746</u>	\$ <u>104,475</u>	\$ <u>271</u>
Department of Parks and Recreation	Consolidated County			
Other services and charges		\$ <u>1,000</u>	\$ <u>1,000</u>	\$ <u>—</u>
Total		<u>1,000</u>	<u>1,000</u>	<u>—</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Parks and Recreation	Park			
Personal services		\$ 14,384	\$ 14,103	\$ 281
Supplies		980	889	91
Other services and charges		7,575	7,567	8
Capital outlay		637	566	71
Internal charges		1,012	1,012	—
Total		<u>24,588</u>	<u>24,137</u>	<u>451</u>
Total – Department of Parks and Recreation		\$ <u>25,588</u>	\$ <u>25,137</u>	\$ <u>451</u>
Indianapolis Metropolitan Police Department	Metropolitan Police			
Personal services		\$ 107,826	\$ 107,826	\$ —
Supplies		896	884	12
Other services and charges		10,973	10,934	39
Capital outlay		98	28	70
Internal charges		10,019	10,019	—
Total		<u>129,812</u>	<u>129,691</u>	<u>121</u>
Total – Indianapolis Metropolitan Police Department		\$ <u>129,812</u>	\$ <u>129,691</u>	\$ <u>121</u>
Total – General Fund – by Department and Division		\$ <u><u>502,948</u></u>	\$ <u><u>491,985</u></u>	\$ <u><u>10,963</u></u>

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Nonmajor Special Revenue Fund

The Special Revenue Funds include funds which are restricted as to use by the State government and special purpose funds established by authority of the City-County Council.

Parking -	to account for all parking meter collections; these receipts are used to defray the cost of meter maintenance, the repair of sidewalks and curbs, and the repair of streets
Federal Grants -	to account for all grants received from the Federal Government
Cable Franchise - PEG Grants	to account for contributions from the two cable franchise agreements to provide for public purpose grants for the capital costs of Public, Educational, or Governmental (PEG) Access Facilities
State of Indiana Grants -	to account for all grants received from the State of Indiana
Public Safety Income Tax -	to account for public safety income tax receipts

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2009
(In thousands)

	Parking	Federal Grants	Cable Franchise PEG Grants	State of Indiana Grants	Public Safety Income Tax	Total Nonmajor Special Revenue Funds
ASSETS						
Equity in pooled cash	\$ 874	\$ 4,114	\$ 98	\$ 1,122	\$ —	\$ 6,208
Investments	352	1,658	—	452	—	2,462
Accrued interest receivable	1	10	—	1	—	12
Accounts receivable	66	—	—	132	—	198
Due from federal and state governments	—	7,714	—	143	—	7,857
Long-term receivables, less allowance of \$27,625	—	1,300	—	—	—	1,300
Total assets	<u>\$ 1,293</u>	<u>\$ 14,796</u>	<u>\$ 98</u>	<u>\$ 1,850</u>	<u>\$ —</u>	<u>\$ 18,037</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities:						
Accounts payable and other accrued liabilities	\$ 49	\$ 4,823	\$ —	\$ 23	\$ —	\$ 4,895
Accrued payroll and payroll taxes	4	100	—	—	—	104
Due to other funds	—	—	—	—	996	996
Deferred revenue	—	8,846	—	372	—	9,218
Total liabilities	<u>53</u>	<u>13,769</u>	<u>—</u>	<u>395</u>	<u>996</u>	<u>15,213</u>
Fund balances (deficits):						
Reserved for long-term receivables	—	1,300	—	—	—	1,300
Reserved for encumbrances	259	459	—	622	—	1,340
Unreserved	981	(732)	98	833	(996)	184
Total fund balance (deficits)	<u>1,240</u>	<u>1,027</u>	<u>98</u>	<u>1,455</u>	<u>(996)</u>	<u>2,824</u>
Total liabilities and fund balances	<u>\$ 1,293</u>	<u>\$ 14,796</u>	<u>\$ 98</u>	<u>\$ 1,850</u>	<u>\$ —</u>	<u>\$ 18,037</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year ended December 31, 2009
(In thousands)

	<u>Parking</u>	<u>Federal Grants</u>	<u>Cable Franchise PEG Grants</u>	<u>State of Indiana Grants</u>	<u>Public Safety Income Tax</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 34,697	\$ 34,697
Charges for services	2,432	—	—	—	—	2,432
Other intergovernmental revenues:						
Federal revenues	—	35,975	—	50	—	36,025
State revenues	—	—	—	868	—	868
Traffic violations and court fees	1,664	1,784	—	1,545	—	4,993
Interest and other operating revenues	16	250	1	12	—	279
Total revenues	<u>4,112</u>	<u>38,009</u>	<u>1</u>	<u>2,475</u>	<u>34,697</u>	<u>79,294</u>
Expenditures:						
Current:						
General government	—	682	33	—	—	715
Public safety	146	9,100	—	766	35,693	45,705
Public works	758	5	—	—	—	763
Health and welfare	—	1,766	—	4	—	1,770
Cultural and recreation	—	791	—	—	—	791
Urban redevelopment and housing	—	20,504	—	—	—	20,504
Economic development and assistance	—	449	—	168	—	617
Debt service:						
Redemption of bonds and notes	—	—	—	21	—	21
Interest on bonds and notes	—	—	—	1	—	1
Capital outlay	539	3,863	—	884	—	5,286
Total expenditures	<u>1,443</u>	<u>37,160</u>	<u>33</u>	<u>1,844</u>	<u>35,693</u>	<u>76,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,669</u>	<u>849</u>	<u>(32)</u>	<u>631</u>	<u>(996)</u>	<u>3,121</u>
Other financing sources and (uses):						
Transfers out	(2,150)	—	—	—	—	(2,150)
Total other financing uses	<u>(2,150)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,150)</u>
Net change in fund balances	<u>519</u>	<u>849</u>	<u>(32)</u>	<u>631</u>	<u>(996)</u>	<u>971</u>
Fund balances at beginning of year	721	178	130	824	—	1,853
Fund balances (deficits) at end of year	<u>\$ 1,240</u>	<u>\$ 1,027</u>	<u>\$ 98</u>	<u>\$ 1,455</u>	<u>\$ (996)</u>	<u>\$ 2,824</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Parking		Federal Grants		State of Indiana Grants		Public Safety Income Tax		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:										
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 35,788	\$ 34,697	\$ 35,788	\$ 34,697
Charges for services	2,405	2,403	—	—	—	—	—	—	2,405	2,403
Other intergovernmental revenues:										
Federal revenues	—	—	90,766	24,269	—	—	—	—	90,766	24,269
State revenues	—	—	—	—	362	—	—	—	362	—
Other revenues	—	—	—	1,873	55	22	—	—	55	1,895
Traffic violations and court fees	1,850	1,606	510	1,773	703	1,470	—	—	3,063	4,849
Interest and other operating revenues	90	17	—	217	—	14	—	—	90	248
Total revenues	<u>4,345</u>	<u>4,026</u>	<u>91,276</u>	<u>28,132</u>	<u>1,120</u>	<u>1,506</u>	<u>35,788</u>	<u>34,697</u>	<u>132,529</u>	<u>68,361</u>
Expenditures:										
Current:										
General government	—	—	309	131	—	—	—	—	309	131
Public safety	150	146	14,480	8,549	1,063	902	35,788	35,692	51,481	45,289
Public works	793	785	5	5	—	—	—	—	798	790
Health and welfare	—	—	3,616	2,529	21	9	—	—	3,637	2,538
Cultural and recreation	—	—	922	788	—	—	—	—	922	788
Urban redevelopment and housing	—	—	59,547	49,791	—	—	—	—	59,547	49,791
Economic development and assistance	—	—	229	459	417	384	—	—	646	843
Capital outlays	752	750	9,529	3,975	340	337	—	—	10,621	5,062
Total expenditures	<u>1,695</u>	<u>1,681</u>	<u>88,637</u>	<u>66,227</u>	<u>1,841</u>	<u>1,632</u>	<u>35,788</u>	<u>35,692</u>	<u>127,961</u>	<u>105,232</u>
Excess (deficiency) of revenues over expenditures	<u>2,650</u>	<u>2,345</u>	<u>2,639</u>	<u>(38,095)</u>	<u>(721)</u>	<u>(126)</u>	<u>—</u>	<u>(995)</u>	<u>4,568</u>	<u>(36,871)</u>
Other financing sources and (uses), net:										
Transfers in (out)	(2,150)	(2,150)	—	(455)	—	—	—	—	(2,150)	(2,605)
Total other financing sources and (uses)	<u>(2,150)</u>	<u>(2,150)</u>	<u>—</u>	<u>(455)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,150)</u>	<u>(2,605)</u>
Revenues over (under) expenditures and other financing sources (uses)	500	195	2,639	(38,550)	(721)	(126)	—	(995)	2,418	(39,476)
Unreserved fund balances at beginning of year	610	363	—	—	872	972	—	—	1,482	1,335
Cancellation of purchase orders and other	(273)	451	(2,639)	38,550	1,503	1,001	—	—	(1,409)	40,997
Unreserved fund balances (deficits) at end of year	<u>\$ 837</u>	<u>\$ 1,009</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,654</u>	<u>\$ 1,847</u>	<u>\$ —</u>	<u>\$ (995)</u>	<u>\$ 2,491</u>	<u>\$ 2,856</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

Department and Division	Fund	Final budget	Actual	Variance
Executive and Legislative				
City County Council	Federal Grants			
Other services and charges		\$ 354	\$ 354	\$ —
Total		<u>354</u>	<u>354</u>	<u>—</u>
Office of Finance and Management	Federal Grants			
Personal services		20	20	—
Other services and charges		<u>289</u>	<u>111</u>	<u>178</u>
Total		<u>309</u>	<u>131</u>	<u>178</u>
Total - Executive and Legislative		\$ <u>663</u>	\$ <u>485</u>	\$ <u>178</u>
Department of Metropolitan Development	Federal Grants			
Personal services		\$ 2,683	\$ 2,454	\$ 229
Supplies		25	13	12
Other services and charges		58,166	48,730	9,436
Capital outlay		1,412	—	1,412
Internal charges		<u>318</u>	<u>311</u>	<u>7</u>
Total		<u>62,604</u>	<u>51,508</u>	<u>11,096</u>
Department of Metropolitan Development	State of Indiana Grants			
Other services and charges		<u>417</u>	<u>384</u>	<u>33</u>
Total		<u>417</u>	<u>384</u>	<u>33</u>
Total - Department of Metropolitan Development		\$ <u>63,021</u>	\$ <u>51,892</u>	\$ <u>11,129</u>
Department of Public Works	Parking			
Personal services		\$ 279	\$ 279	\$ —
Supplies		86	86	—
Other services and charges		524	512	12
Capital outlay		752	750	2
Internal charges		<u>54</u>	<u>54</u>	<u>—</u>
Total		<u>1,695</u>	<u>1,681</u>	<u>14</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

Department and Division	Fund	Final budget	Actual	Variance
Department of Public Works	Federal Grants			
Personal services		\$ 2	\$ 2	—
Supplies		3	3	—
Other services and charges		320	293	27
Capital outlay		804	308	496
Total		<u>1,129</u>	<u>606</u>	<u>523</u>
Department of Public Works	State of Indiana Grants			
Other services and charges		<u>21</u>	<u>9</u>	<u>12</u>
Total		<u>21</u>	<u>9</u>	<u>12</u>
Total – Department of Public Works		\$ <u>2,845</u>	\$ <u>2,296</u>	\$ <u>549</u>
Department of Public Safety	Federal Grants			
Personal services		\$ 849	\$ 515	334
Supplies		1,521	641	880
Other services and charges		6,435	4,174	2,261
Capital outlay		2,301	751	1,550
Internal charges		33	7	26
Total		<u>11,139</u>	<u>6,088</u>	<u>5,051</u>
Indianapolis Fire Department	Public Safety Income Tax			
Personal services		<u>5,905</u>	<u>5,809</u>	<u>96</u>
Total		<u>5,905</u>	<u>5,809</u>	<u>96</u>
Total - Department of Public Safety		\$ <u>17,044</u>	\$ <u>11,897</u>	\$ <u>5,147</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

Department and Division	Fund	Final budget	Actual	Variance
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 272	\$ 244	\$ 28
Supplies		16	16	—
Other services and charges		634	531	103
Capital outlay		156	130	26
Internal charges		—	—	—
Total – Department of Parks and Recreation		<u>\$ 1,078</u>	<u>\$ 921</u>	<u>\$ 157</u>
Indianapolis Metropolitan Police Department	Federal Grants			
Personal services		\$ 1,694	\$ 1,681	\$ 13
Supplies		533	346	187
Other services and charges		4,941	1,805	3,136
Capital outlay		<u>4,856</u>	<u>2,787</u>	<u>2,069</u>
Total		<u>12,024</u>	<u>6,619</u>	<u>5,405</u>
Indianapolis Metropolitan Police Department	State of Indiana Grants			
Personal services		103	28	75
Supplies		76	59	17
Other services and charges		884	815	69
Capital outlay		<u>340</u>	<u>337</u>	<u>3</u>
Total		<u>1,403</u>	<u>1,239</u>	<u>164</u>
Indianapolis Metropolitan Police Department	Public Safety Income Tax			
Personal services		<u>29,883</u>	<u>29,883</u>	<u>—</u>
Total		<u>29,883</u>	<u>29,883</u>	<u>—</u>
Total – Indianapolis Metropolitan Police Department		<u>\$ 43,310</u>	<u>\$ 37,741</u>	<u>\$ 5,569</u>
Total – Special Revenue Funds – by Department and Division		<u>\$ 127,961</u>	<u>\$ 105,232</u>	<u>\$ 22,729</u>

Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of four of the taxing districts. Nonmajor Debt service requirements are funded generally from property tax revenues and other operating revenues.

Civil City -	to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Civil City
Redevelopment District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facility Authority (MCCRFA) for a leasehold interest in the United Airlines repair facility
MECA -	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
Sanitary District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Sanitary District
Flood Control District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Flood Control District
Metropolitan Thoroughfare - District	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District
Park District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Park District
Economic Development District -	to account for accumulation of resources, and payments of long term bonded debt principal, interest, and related costs of debt issued for certain projects with Economic Development bonds proceeds by the City

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2009
(In thousands)

	Civil City	Redevelopment District	MECA	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Economic Development District	Total Nonmajor Debt Service Funds
ASSETS									
Equity in pooled cash	\$ 3,596	\$ 8,617	\$ 1,742	\$ 5,785	\$ 2,491	\$ 3,553	\$ 1,947	\$ 1,088	\$ 28,819
Cash and investments with fiscal agents	6	4	103	33	12	195	11	4,355	4,719
Investments	1,447	3,468	701	2,329	1,002	1,421	784	438	11,590
Accrued interest receivable	6	9	—	6	1	4	1	2	29
Property taxes receivable	—	7,068	1,866	—	—	1,529	1,073	584	12,120
Accounts receivable	2	53	223	—	—	63	38	—	379
Total assets	<u>\$ 5,057</u>	<u>\$ 19,219</u>	<u>\$ 4,635</u>	<u>\$ 8,153</u>	<u>\$ 3,506</u>	<u>\$ 6,765</u>	<u>\$ 3,854</u>	<u>\$ 6,467</u>	<u>\$ 57,656</u>
LIABILITIES AND FUND BALANCES (DEFICITS)									
Matured bonds payable	\$ 2,635	\$ 6,595	\$ 3,980	\$ 5,452	\$ 2,125	\$ 4,025	\$ 2,139	\$ —	\$ 26,951
Matured interest payable	2,119	25	1,047	2,251	1,352	1,189	642	—	8,625
Accounts payable and other accrued liabilities	6	50	—	89	11	20	8	—	184
Tax anticipation warrants	—	2,830	415	—	—	2,238	1,379	—	6,862
Deferred revenue	—	53	34	—	—	43	25	—	155
Total liabilities	<u>4,760</u>	<u>9,553</u>	<u>5,476</u>	<u>7,792</u>	<u>3,488</u>	<u>7,515</u>	<u>4,193</u>	<u>—</u>	<u>42,777</u>
Fund balances (deficits):									
Reserved for debt service	297	9,666	—	361	18	—	—	6,467	16,809
Unreserved	—	—	(841)	—	—	(750)	(339)	—	(1,930)
Total fund balances (deficits)	<u>297</u>	<u>9,666</u>	<u>(841)</u>	<u>361</u>	<u>18</u>	<u>(750)</u>	<u>(339)</u>	<u>6,467</u>	<u>14,879</u>
Total liabilities and fund balances (deficits)	<u>\$ 5,057</u>	<u>\$ 19,219</u>	<u>\$ 4,635</u>	<u>\$ 8,153</u>	<u>\$ 3,506</u>	<u>\$ 6,765</u>	<u>\$ 3,854</u>	<u>\$ 6,467</u>	<u>\$ 57,656</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year ended December 31, 2009
(In thousands)

	Civil City	Redevelopment District	MECA	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Economic Development District	Total Nonmajor Debt Service Funds
Revenues:									
Property taxes	\$ 4	\$ 22,959	\$ 3,684	\$ —	\$ —	\$ 5,533	\$ 3,401	\$ 1,904	\$ 37,485
Other taxes	29	(338)	93	—	—	503	275	—	562
Interest on investments	44	34	2	10	(4)	5	3	7	101
Other revenues	—	64	1,449	124	44	151	—	2,286	4,118
Total revenues	77	22,719	5,228	134	40	6,192	3,679	4,197	42,266
Expenditures:									
Redemption of bonds and notes	5,215	6,595	5,580	5,472	2,125	4,025	2,139	135	31,286
Interest on bonds and notes	4,300	65	2,276	4,446	2,708	2,365	1,263	2,310	19,733
Bond issuance costs	—	27	—	56	18	—	—	—	101
Advance refunding escrow	—	84	—	158	57	—	—	—	299
Operating lease payments and administration	91	14,271	52	92	55	49	24	—	14,634
Total expenditures	9,606	21,042	7,908	10,224	4,963	6,439	3,426	2,445	66,053
Excess (deficiency) of revenues over (under) expenditures	(9,529)	1,677	(2,680)	(10,090)	(4,923)	(247)	253	1,752	(23,787)
Other financing sources and (uses):									
Premium on bonds	—	51	—	99	35	—	—	—	185
Refunding bonds issued	—	1,480	—	2,865	1,005	—	—	—	5,350
Payment to refunded bond escrow agent	—	(1,480)	—	(2,865)	(1,005)	—	—	—	(5,350)
Transfers in	—	3,500	—	7,326	4,876	960	310	—	16,972
Total other financing sources	—	3,551	—	7,425	4,911	960	310	—	17,157
Net change in fund balances	(9,529)	5,228	(2,680)	(2,665)	(12)	713	563	1,752	(6,630)
Fund balances (deficits) at beginning of year	9,826	4,438	1,839	3,026	30	(1,463)	(902)	4,715	21,509
Fund balances (deficits) at end of year	\$ 297	\$ 9,666	\$ (841)	\$ 361	\$ 18	\$ (750)	\$ (339)	\$ 6,467	\$ 14,879

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Civil City		Redevelopment District		MECA	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ 31	\$ 13,884	\$ 10,429	\$ 4,723	\$ 2,833
Charges for services	—	—	—	—	1,700	1,278
Traffic violations and court fees	—	—	—	—	—	8
Other operating revenues	11	72	75	127	50	15
Total revenues	11	103	13,959	10,556	6,473	4,134
Expenditures:						
Debt service	9,605	9,605	22,726	22,521	8,048	7,908
Total expenditures	9,605	9,605	22,726	22,521	8,048	7,908
Excess (deficiency) of revenues over (under) expenditures	(9,594)	(9,502)	(8,767)	(11,965)	(1,575)	(3,774)
Other financing sources, net:						
Trust and agency receipts	4,510	—	—	—	—	—
Bond proceeds – premium (discount)	—	—	—	1,531	—	—
Transfers in	—	—	3,500	3,500	—	—
Total other financing sources	4,510	—	3,500	5,031	—	—
Revenues over (under) expenditures and other financing sources	(5,084)	(9,502)	(5,267)	(6,934)	(1,575)	(3,774)
Unreserved fund balances at beginning of year	6,206	9,789	6,949	4,686	1,774	3,471
Cancellation of purchase orders and other	(893)	5	2,035	11,952	956	(671)
Unreserved fund balances (deficits) at end of year	\$ 229	\$ 292	\$ 3,717	\$ 9,704	\$ 1,155	\$ (974)

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Sanitary District		Flood Control District		Metropolitan Thoroughfare District	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 5,516	\$ 3,119
Charges for services	—	—	—	—	—	—
Traffic violations and court fees	—	—	—	—	—	—
Other operating revenues	—	157	—	44	150	165
Total revenues	—	157	—	44	5,666	3,284
Expenditures:						
Debt service	13,178	13,088	6,035	5,968	6,438	6,438
Total expenditures	13,178	13,088	6,035	5,968	6,438	6,438
Excess (deficiency) of revenues over (under) expenditures	(13,178)	(12,931)	(6,035)	(5,924)	(772)	(3,154)
Other financing sources, net:						
Trust and agency receipts	—	—	—	—	—	—
Bond proceeds – premium (discount)	—	2,964	—	1,040	—	—
Transfers in	7,451	7,325	4,931	4,876	750	960
Total other financing sources	7,451	10,289	4,931	5,916	750	960
Revenues over (under) expenditures and other financing sources	(5,727)	(2,642)	(1,104)	(8)	(22)	(2,194)
Unreserved fund balances at beginning of year	881	—	119	27	258	(35)
Cancellation of purchase orders and other	7,157	2,642	988	(3)	(232)	1,279
Unreserved fund balances (deficits) at end of year	\$ 2,311	\$ —	\$ 3	\$ 16	\$ 4	\$ (950)

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Revenue		Park District		Economic Development		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 49,874	\$ 47,463	\$ 3,177	\$ 1,881	\$ 500	\$ 589	\$ 77,674	\$ 66,345
Charges for services	2,264	1,793	—	—	1,928	2,250	5,892	5,321
Traffic violations and court fees	—	—	—	—	—	—	—	8
Other operating revenues	2,361	1,205	17	10	—	9	2,664	1,804
Total revenues	<u>54,499</u>	<u>50,461</u>	<u>3,194</u>	<u>1,891</u>	<u>2,428</u>	<u>2,848</u>	<u>86,230</u>	<u>73,478</u>
Expenditures:								
Debt service	245,273	246,847	3,434	3,426	2,342	2,409	317,079	318,210
Total expenditures	<u>245,273</u>	<u>246,847</u>	<u>3,434</u>	<u>3,426</u>	<u>2,342</u>	<u>2,409</u>	<u>317,079</u>	<u>318,210</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(190,774)</u>	<u>(196,386)</u>	<u>(240)</u>	<u>(1,535)</u>	<u>86</u>	<u>439</u>	<u>(230,849)</u>	<u>(244,732)</u>
Other financing sources, net:								
Trust and agency receipts	—	—	—	—	—	—	4,510	—
Bond proceeds – premium (discount)	—	181,366	—	—	—	—	—	186,901
Transfers in	36,739	33,427	175	310	—	—	53,546	50,398
Total other financing sources	<u>36,739</u>	<u>214,793</u>	<u>175</u>	<u>310</u>	<u>—</u>	<u>—</u>	<u>58,056</u>	<u>237,299</u>
Revenues over (under) expenditures and other financing sources	<u>(154,035)</u>	<u>18,407</u>	<u>(65)</u>	<u>(1,225)</u>	<u>86</u>	<u>439</u>	<u>(172,793)</u>	<u>(7,433)</u>
Unreserved fund balances (deficits) at beginning of year	814	(2,197)	177	176	488	—	17,666	15,917
Cancellation of purchase orders and other	154,321	40,712	190	1,393	499	(436)	165,021	56,873
Unreserved fund balances (deficits) at end of year	<u>\$ 1,100</u>	<u>\$ 56,922</u>	<u>\$ 302</u>	<u>\$ 344</u>	<u>\$ 1,073</u>	<u>\$ 3</u>	<u>\$ 9,894</u>	<u>\$ 65,357</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Debt Service Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Metropolitan Development	Revenue			
Other services and charges		\$ 593	\$ 584	\$ 9
Total		593	584	9
Non Departmental	Flood Control District			
Other services and charges		6,035	5,968	67
Total		6,035	5,968	67
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		6,438	6,438	—
Total		6,438	6,438	—
Non Departmental	Park District			
Other services and charges		3,434	3,426	8
Total		3,434	3,426	8
Non Departmental	MECA			
Other services and charges		8,048	7,908	140
Total		8,048	7,908	140
Non Departmental	Civil City			
Other services and charges		9,605	9,605	—
Total		9,605	9,605	—
Non Departmental	Redevelopment District			
Other services and charges		22,726	22,521	205
Total		22,726	22,521	205
Non Departmental	Revenue			
Other services and charges		245,273	246,847	(1,574)
Total		245,273	246,847	(1,574)
Non Departmental	Sanitary District			
Other services and charges		13,178	13,088	90
Total		13,178	13,088	90
Non Departmental	Economic Development			
Other services and charges		2,342	2,409	(67)
Total		2,342	2,409	(67)
Total – Debt Service Funds – by Department		\$ 317,672	\$ 318,794	\$ (1,122)

See accompanying independent auditors' report.

Nonmajor Capital Project Funds

The Capital Projects Funds are used to account for resources designated to construct or acquire general capital assets. Such resources are derived principally from special district bonds, federal grants, and property tax levies.

Redevelopment District:

General - to account for all financial resources related to projects constructed wholly or in part from Redevelopment District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Tax Increment - to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues

Economic Development - to account for all financial resources related to projects constructed with Economic Development bonds issued by the City

Metropolitan Thoroughfare - District to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Park District - to account for all financial resources related to projects constructed from proceeds of the Park District bond issues

City Cumulative Capital - Development to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition, and repair of certain facilities and other items of a capital nature

County Cumulative Capital - Development to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature

Facilities Revenue Bonds - to account for all financial resources related to certain maintenance and repair of City and County facilities

Tax Revenue Note - to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note

MECA - to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds

Landmark Building Preservation - to account for all financial resources related to costs of major repairs to certain city properties

Fire Cumulative - to account for all resources for the fire department accumulating from a ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature

Storm Water - to account for all financial resources related to expenditures for construction of storm water removal infrastructure

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2009
(In thousands)

	<u>Redevelopment District</u>			<u>Metropolitan</u>		<u>City</u>	<u>County</u>
	<u>General</u>	<u>Tax</u>	<u>Economic</u>	<u>Thoroughfare</u>	<u>Park</u>	<u>Cumulative</u>	<u>Cumulative</u>
ASSETS		Increment	Development	District	District	Capital	Capital
						Development	Development
Equity in pooled cash	\$ 709	\$ 431	\$ —	\$ 1,449	\$ 13	\$ 3,574	\$ —
Cash and investments with fiscal agents	—	17,358	516	997	—	—	—
Investments	286	173	—	583	5	1,438	—
Accrued interest receivable	1	—	—	4	—	11	—
Property taxes receivable	—	—	—	—	—	4,461	—
Accounts receivable	—	170	—	—	—	171	4,040
Total assets	<u>\$ 996</u>	<u>\$ 18,132</u>	<u>\$ 516</u>	<u>\$ 3,033</u>	<u>\$ 18</u>	<u>\$ 9,655</u>	<u>\$ 4,040</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ —	\$ 1,390	\$ —	\$ 70	\$ —	\$ 1,249	\$ 234
Tax anticipation warrants	—	—	—	—	—	3,102	—
Due to other funds	—	—	—	—	—	—	2,019
Deferred revenue	—	—	—	—	—	117	—
Total liabilities	<u>—</u>	<u>1,390</u>	<u>—</u>	<u>70</u>	<u>—</u>	<u>4,468</u>	<u>2,253</u>
Fund balances:							
Reserved for encumbrances	—	9,770	—	389	5	5,347	1,315
Unreserved	996	6,972	516	2,574	13	(160)	472
Total fund balances	<u>996</u>	<u>16,742</u>	<u>516</u>	<u>2,963</u>	<u>18</u>	<u>5,187</u>	<u>1,787</u>
Total liabilities and fund balances	<u>\$ 996</u>	<u>\$ 18,132</u>	<u>\$ 516</u>	<u>\$ 3,033</u>	<u>\$ 18</u>	<u>\$ 9,655</u>	<u>\$ 4,040</u>

(Continued)

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2009
(In thousands)

	Facilities Revenue Bonds	Tax Revenue Note	MECA	Landmark Building Preservation	Fire Cumulative	Storm Water	Total Nonmajor Capital Projects Funds
ASSETS							
Equity in pooled cash	\$ —	\$ 48	\$ 7,145	\$ 16	\$ 684	\$ 4,135	\$ 18,204
Cash and investments with fiscal agents	1,348	—	701	—	—	—	20,920
Investments	—	19	2,876	7	275	1,653	7,315
Accrued interest receivable	—	—	11	—	—	5	32
Property taxes receivable	—	—	—	—	—	—	4,461
Accounts receivable	—	—	—	—	—	—	4,381
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,381</u>
Total assets	\$ <u>1,348</u>	\$ <u>67</u>	\$ <u>10,733</u>	\$ <u>23</u>	\$ <u>959</u>	\$ <u>5,793</u>	\$ <u>55,313</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ —	\$ —	\$ 182	\$ —	\$ 36	\$ 98	\$ 3,259
Tax anticipation warrants	—	—	—	—	—	—	3,102
Due to other funds	—	—	—	—	—	—	2,019
Deferred revenue	—	—	—	—	—	—	117
	<u>—</u>	<u>—</u>	<u>182</u>	<u>—</u>	<u>36</u>	<u>98</u>	<u>8,497</u>
Total liabilities	<u>—</u>	<u>—</u>	<u>182</u>	<u>—</u>	<u>36</u>	<u>98</u>	<u>8,497</u>
Fund balances:							
Reserved for encumbrances	—	—	1,191	4	918	1,316	20,255
Unreserved	1,348	67	9,360	19	5	4,379	26,561
	<u>1,348</u>	<u>67</u>	<u>10,551</u>	<u>23</u>	<u>923</u>	<u>5,695</u>	<u>46,816</u>
Total fund balances	<u>1,348</u>	<u>67</u>	<u>10,551</u>	<u>23</u>	<u>923</u>	<u>5,695</u>	<u>46,816</u>
Total liabilities and fund balances	\$ <u>1,348</u>	\$ <u>67</u>	\$ <u>10,733</u>	\$ <u>23</u>	\$ <u>959</u>	\$ <u>5,793</u>	\$ <u>55,313</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2009
(In thousands)

	Redevelopment District			Economic	Metropolitan		City	County
	General	Tax Increment		Development	Thoroughfare District	Park District	Cumulative Capital Improvement	Cumulative Capital Improvement
Revenues:								
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	21,544	\$ —
Other intergovernmental revenues:								
Federal revenues	—	—	—	203	—	—	16	111
Other revenues	—	—	—	—	—	—	—	4,000
Interest and other operating revenues	8	118	—	30	(1)	72	(9)	(9)
Total revenues	8	118	—	233	(1)	21,632	4,102	4,102
Expenditures:								
Current:								
Economic development and assistance	—	22,126	—	—	—	—	—	—
Debt service:								
Redemption of notes	—	—	—	—	—	1,868	—	—
Interest on notes	—	12	—	—	—	316	—	—
Issuance costs	—	8	—	—	—	—	—	—
Capital outlay	—	1,444	—	1,848	3	14,643	2,001	2,001
Total expenditures	—	23,590	—	1,848	3	16,827	2,001	2,001
Excess (deficiency) of revenues over (under) expenditures	8	(23,472)	—	(1,615)	(4)	4,805	2,101	2,101
Other financing sources and (uses):								
Bonds and notes issued	—	367	—	—	—	—	—	—
Transfers in	—	66	—	—	—	—	—	—
Transfers out	—	(85)	—	(1,811)	—	(1,645)	—	—
Total other financing sources and (uses)	—	348	—	(1,811)	—	(1,645)	—	—
Net change in fund balances	8	(23,124)	—	(3,426)	(4)	3,160	2,101	2,101
Fund balances (deficits) at beginning of year	988	39,866	516	6,389	22	2,027	(314)	(314)
Fund balances at end of year	\$ 996	\$ 16,742	\$ 516	\$ 2,963	\$ 18	\$ 5,187	\$ 1,787	\$ 1,787

(Continued)

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2009
(In thousands)

	Facilities Revenue	Tax Revenue Note	MECA	Landmark Building Preservation	Fire Cumulative	Storm Water	Total Nonmajor Capital Projects Funds
Revenues:							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 2,068	\$ —	\$ 23,612
Other intergovernmental revenues:							
Federal revenues	—	—	—	—	—	—	330
Other revenues	—	—	—	—	—	—	4,000
Interest and other operating revenues	2	37	85	1	—	32	375
Total revenues	<u>2</u>	<u>37</u>	<u>85</u>	<u>1</u>	<u>2,068</u>	<u>32</u>	<u>28,317</u>
Expenditures:							
Current:							
Economic development and assistance	—	—	—	—	—	—	22,126
Debt service:							
Redemption of notes	—	—	—	—	—	—	1,868
Interest on notes	—	—	—	—	60	—	388
Issuance costs	—	—	4	—	—	—	12
Capital outlay	878	1,437	2,165	73	1,085	1,698	27,275
Total expenditures	<u>878</u>	<u>1,437</u>	<u>2,169</u>	<u>73</u>	<u>1,145</u>	<u>1,698</u>	<u>51,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876)</u>	<u>(1,400)</u>	<u>(2,084)</u>	<u>(72)</u>	<u>923</u>	<u>(1,666)</u>	<u>(23,352)</u>
Other financing sources and (uses):							
Bonds and notes issued	—	1,437	—	—	—	—	1,804
Transfers in	—	—	—	—	—	—	66
Transfers out	—	—	—	—	—	—	(3,541)
Total other financing sources and (uses)	<u>—</u>	<u>1,437</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,671)</u>
Net change in fund balances	<u>(876)</u>	<u>37</u>	<u>(2,084)</u>	<u>(72)</u>	<u>923</u>	<u>(1,666)</u>	<u>(25,023)</u>
Fund balances (deficits) at beginning of year	<u>2,224</u>	<u>30</u>	<u>12,635</u>	<u>95</u>	<u>—</u>	<u>7,361</u>	<u>71,839</u>
Fund balances at end of year	<u>\$ 1,348</u>	<u>\$ 67</u>	<u>\$ 10,551</u>	<u>\$ 23</u>	<u>\$ 923</u>	<u>\$ 5,695</u>	<u>\$ 46,816</u>

See accompanying independent auditors' report.

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	City Cumulative Capital Improvement		County Cumulative Capital Improvement		Fire Cumulative		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 15,504	\$ 7,800	\$ —	\$ —	\$ —	\$ —	\$ 15,504	\$ 7,800
Interest and other operating revenues	410	102	20	(4)	—	—	430	98
Total revenues	<u>15,914</u>	<u>7,902</u>	<u>20</u>	<u>(4)</u>	<u>—</u>	<u>—</u>	<u>15,934</u>	<u>7,898</u>
Expenditures:								
Current:								
General government	87	84	—	—	—	—	87	84
Public safety	70	—	—	—	538	537	608	537
Public works	200	200	—	—	—	—	200	200
Cultural and recreation	1,320	1,310	—	—	—	—	1,320	1,310
Urban redevelopment	—	20	—	—	—	—	—	20
Economic development	25	24	—	—	—	—	25	24
Capital outlays	<u>10,826</u>	<u>10,730</u>	<u>2,500</u>	<u>2,500</u>	<u>1,500</u>	<u>1,494</u>	<u>14,826</u>	<u>14,724</u>
Total expenditures	<u>12,528</u>	<u>12,368</u>	<u>2,500</u>	<u>2,500</u>	<u>2,038</u>	<u>2,031</u>	<u>17,066</u>	<u>16,899</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,386</u>	<u>(4,466)</u>	<u>(2,480)</u>	<u>(2,504)</u>	<u>(2,038)</u>	<u>(2,031)</u>	<u>(1,132)</u>	<u>(9,001)</u>
Other financing sources and (uses), net:								
Transfers out	<u>(1,435)</u>	<u>(1,645)</u>	<u>2,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>565</u>	<u>(1,645)</u>
Total other financing sources and (uses)	<u>(1,435)</u>	<u>(1,645)</u>	<u>2,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>565</u>	<u>(1,645)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>1,951</u>	<u>(6,111)</u>	<u>(480)</u>	<u>(2,504)</u>	<u>(2,038)</u>	<u>(2,031)</u>	<u>(567)</u>	<u>(10,646)</u>
Unreserved fund balances at beginning of year	95	1,325	1,169	1,347	—	—	1,264	2,672
Cancellation of purchase orders and other	<u>(1,628)</u>	<u>4,631</u>	<u>168</u>	<u>2,131</u>	<u>—</u>	<u>—</u>	<u>(1,460)</u>	<u>6,762</u>
Unreserved fund balances (deficits) at end of year	<u>\$ 418</u>	<u>\$ (155)</u>	<u>\$ 857</u>	<u>\$ 974</u>	<u>\$ (2,038)</u>	<u>\$ (2,031)</u>	<u>\$ (763)</u>	<u>\$ (1,212)</u>

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Executive and Legislative				
Office of Finance and Management	City Cumulative Capital Improvement			
Other services and charges		\$ 111	\$ 109	\$ 2
Total		<u>111</u>	<u>109</u>	<u>2</u>
Total – Executive and Legislative		<u>111</u>	<u>109</u>	<u>2</u>
Department of Public Works	County Cumulative Capital Improvement			
Capital outlay		<u>2,500</u>	<u>2,500</u>	<u>—</u>
Total		<u>2,500</u>	<u>2,500</u>	<u>—</u>
Department of Public Works	City Cumulative Capital Improvement			
Other services and charges		200	200	—
Capital outlay		<u>2,150</u>	<u>2,150</u>	<u>—</u>
Total		<u>2,350</u>	<u>2,350</u>	<u>—</u>
Total – Department of Public Works		<u>4,850</u>	<u>4,850</u>	<u>—</u>
Non Departmental	City Cumulative Capital Improvement			
Supplies		70	12	58
Capital outlay		<u>2,847</u>	<u>2,777</u>	<u>70</u>
Total – Non Departmental		<u>2,917</u>	<u>2,789</u>	<u>128</u>
Indianapolis Fire Department	Fire Cumulative			
Other Services and Charges		538	538	—
Properties and Equipment		<u>1,500</u>	<u>1,493</u>	<u>7</u>
Total - Department of Public Safety		<u>2,038</u>	<u>2,031</u>	<u>7</u>
Department of Parks and Recreation	City Cumulative Capital Improvement			
Supplies		125	122	3
Other services and charges		1,195	1,195	—
Capital outlay		<u>5,830</u>	<u>5,803</u>	<u>27</u>
Total - Department of Parks and Recreation		<u>7,150</u>	<u>7,120</u>	<u>30</u>
Total – Capital Projects Funds – by Department and Division		\$ <u>17,066</u>	\$ <u>16,899</u>	\$ <u>167</u>

See accompanying independent auditors' report.

Internal Service Funds

Internal Service Funds are used to account for the accumulation of resources to provide for the financing of certain self-insurance programs for all City departments.

The City maintains Workers' Compensation Self-Insurance, Auto Liability Self-Insurance, Public Liability Self-Insurance , and Employee Health Insurance Internal Service Funds.

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CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Net Assets
December 31, 2009
(In thousands)

	Auto Liability Reserve	Workers' Compensation	Public Liability Self Insurance	Employee Health Insurance	Total
ASSETS					
Equity in pooled cash	\$ 3,279	\$ —	\$ 3,245	\$ 373	\$ 6,897
Cash and investments with fiscal agents	2	127	—	—	129
Investments	1,320	—	1,306	150	2,776
Accrued interest receivable	5	—	3	—	8
Accounts receivable	—	15	—	—	15
Total assets	<u>4,606</u>	<u>142</u>	<u>4,554</u>	<u>523</u>	<u>9,825</u>
LIABILITIES					
Accounts payable and other accrued liabilities	799	1,926	3,513	1,272	7,510
Due to other funds	—	2,032	—	—	2,032
Total liabilities	<u>799</u>	<u>3,958</u>	<u>3,513</u>	<u>1,272</u>	<u>9,542</u>
NET ASSETS					
Unrestricted	<u>\$ 3,807</u>	<u>\$ (3,816)</u>	<u>\$ 1,041</u>	<u>\$ (749)</u>	<u>\$ 283</u>

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended December 31, 2009
(In thousands)

	<u>Auto Liability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Operating revenues:					
Charges to other funds	\$ <u>—</u>	\$ <u>2,704</u>	\$ <u>1,736</u>	\$ <u>6,706</u>	\$ <u>11,146</u>
Operating expenses:					
Administration	65	138	—	1,052	1,255
Claims	<u>385</u>	<u>4,117</u>	<u>2,416</u>	<u>6,402</u>	<u>13,320</u>
Total operating expenses	<u>450</u>	<u>4,255</u>	<u>2,416</u>	<u>7,454</u>	<u>14,575</u>
Operating loss	(450)	(1,551)	(680)	(748)	(3,429)
Nonoperating revenue:					
Interest on investments	<u>33</u>	<u>(10)</u>	<u>28</u>	<u>(1)</u>	<u>50</u>
Change in net assets	(417)	(1,561)	(652)	(749)	(3,379)
Total net assets – beginning	<u>4,224</u>	<u>(2,255)</u>	<u>1,693</u>	<u>—</u>	<u>3,662</u>
Total net assets – ending	\$ <u><u>3,807</u></u>	\$ <u><u>(3,816)</u></u>	\$ <u><u>1,041</u></u>	\$ <u><u>(749)</u></u>	\$ <u><u>283</u></u>

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Cash Flows
Year ended December 31, 2009
(In thousands)

	<u>Auto Liability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Employee Health Insurance</u>	<u>Total</u>
Cash flows from operating activities:					
Receipts from users	\$ 4	\$ 2,689	\$ 1,740	\$ 6,706	\$ 11,139
Payments for administration	(65)	(138)	—	(1,052)	(1,255)
Payments for claims	(236)	(2,570)	(1,261)	(5,130)	(9,197)
Net cash provided by (used in) operating activities	(297)	(19)	479	524	687
Cash flows from investing activities:					
Sales and maturities of investments	1,180	—	983	—	2,163
Investment purchases	(1,320)	—	(1,306)	(150)	(2,776)
Interest on investments	33	(10)	28	(1)	50
Net cash used in investing activities	(107)	(10)	(295)	(151)	(563)
Net increase (decrease) in cash and cash equivalents	(404)	(29)	184	373	124
Cash and cash equivalents, beginning of year	3,685	156	3,061	—	6,902
Cash and cash equivalents, end of year	<u>\$ 3,281</u>	<u>\$ 127</u>	<u>\$ 3,245</u>	<u>\$ 373</u>	<u>\$ 7,026</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:					
Operating loss	\$ (450)	\$ (1,551)	\$ (680)	\$ (748)	\$ (3,429)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	4	(15)	4	—	(7)
Increase in accounts payable	149	1,547	1,155	1,272	4,123
Net cash provided by (used in) operating activities	<u>\$ (297)</u>	<u>\$ (19)</u>	<u>\$ 479</u>	<u>\$ 524</u>	<u>\$ 687</u>

See accompanying independent auditors' report.

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Fiduciary Funds

The Fiduciary Funds are classified into two sub-groupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Receipts and expenditures of each fund are governed by terms of trust indentures, statutes, ordinances, etc.

The City maintains the following Fiduciary Funds:

PENSION TRUST FUNDS

Police -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund (1977 Fund) pension plan and (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund
Firefighters -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund pension plan and (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund

AGENCY FUNDS

Sanitation 15 Year Law -	to account for property owner assessment receipts held by the City as agent for city approved developer constructed sewer systems Barrett Law projects, with construction costs repaid by the property owners over a period not to exceed 15 years
UAL Personal Property -	to account for amounts received, that in accordance with the related bond indenture, are to be transferred to the debt service for the Indianapolis Airport Authority Special Facility Revenue Bonds of 1995
E-911 Allocation -	to account for assets, obligations, and activities of the E-911 dispatch programs
DPS Retiree Health Insurance -	to account for assets, obligations, and activities of certain Police and Firefighter Retiree Health Insurance costs
IPD Confiscated Cash -	to account for assets, obligations, and activities of amounts which have been confiscated pending final court disposition
Other -	to account for all contractor receipts for sanitary Barrett Law project engineering fees held by the City as agent for engineer payment upon project acceptance and for franchise security deposits held by the City as agent for franchised performance

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CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Pension Trust Funds Net Assets
December 31, 2009
(In thousands)

	<u>Police Pension</u>	<u>Firefighters Pension</u>	<u>Total</u>
ASSETS			
Equity in pooled cash	\$ —	\$ 1,377	\$ 1,377
Total assets	<u>—</u>	<u>1,377</u>	<u>1,377</u>
LIABILITIES			
Accounts payable and other accrued liabilities	<u>91</u>	<u>—</u>	<u>91</u>
Total liabilities	<u>91</u>	<u>—</u>	<u>91</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ (91)</u>	<u>\$ 1,377</u>	<u>\$ 1,286</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Assets
Police and Firefighters Pension Trust Funds
Year ended December 31, 2009
(In thousands)

	Pension Trust Funds		
	Police Pension	Firefighters Pension	Total
ADDITIONS			
State of Indiana pension subsidy received from the General Fund	\$ 28,819	\$ 28,731	\$ 57,550
	28,819	28,731	57,550
Contributions:			
Plan members	2	3	5
Total additions	28,821	28,734	57,555
DEDUCTIONS			
Benefits	28,912	27,357	56,269
Total deductions	28,912	27,357	56,269
Change in plan net assets	(91)	1,377	1,286
Net assets – beginning	—	—	—
Net assets – ending	\$ (91)	\$ 1,377	\$ 1,286

CITY OF INDIANAPOLIS
Fiduciary Funds
Police and Firefighters Pension Trust Funds
Schedule of Revenues and Expenditures
Budget and Actual – Budgetary Basis
Year ended December 31, 2009
(In thousands)

	Police Pension			Firefighters Pension		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	\$ 16,192	\$ 15,595	\$ (597)	\$ 6,900	\$ 6,646	\$ (254)
Intergovernmental	30,632	28,872	(1,760)	30,347	28,999	(1,348)
Other	40	(18)	(58)	—	44	44
Total revenues	46,864	44,449	(2,415)	37,247	35,689	(1,558)
Expenditures:						
Personal services	48,079	46,140	1,939	35,629	34,726	903
Total expenditures	48,079	46,140	1,939	35,629	34,726	903
Excess (deficiency) of revenues over (under) expenditures	\$ (1,215)	\$ (1,691)	\$ (476)	\$ 1,618	\$ 963	\$ (655)

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Agency Funds Net Assets
December 31, 2009
(In thousands)

	<u>Sanitation 15 Year Law</u>	<u>UAL Personal Property</u>	<u>E-911 Allocation</u>	<u>DPS Retiree Health Insurance</u>	<u>IPD Confiscated Cash</u>	<u>Other</u>	<u>Total</u>
ASSETS							
Equity in pooled cash	\$ 190	\$ 5,797	\$ 3,381	\$ 1,134	\$ 2,177	\$ 542	\$ 13,221
Investments	77	2,333	1,361	—	—	218	3,989
Accrued interest receivable	—	—	5	2	—	1	8
Accounts receivable	—	—	193	—	—	—	193
Total assets	<u>\$ 267</u>	<u>\$ 8,130</u>	<u>\$ 4,940</u>	<u>\$ 1,136</u>	<u>\$ 2,177</u>	<u>\$ 761</u>	<u>\$ 17,411</u>
LIABILITIES							
Accounts payable and other accrued liabilities	<u>\$ 267</u>	<u>\$ 8,130</u>	<u>\$ 4,940</u>	<u>\$ 1,136</u>	<u>\$ 2,177</u>	<u>\$ 761</u>	<u>\$ 17,411</u>
Total liabilities	<u>\$ 267</u>	<u>\$ 8,130</u>	<u>\$ 4,940</u>	<u>\$ 1,136</u>	<u>\$ 2,177</u>	<u>\$ 761</u>	<u>\$ 17,411</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2009
(In thousands)

	Balance January 1, 2009		Additions		Deductions		Balance December 31, 2009
SANITATION 15 YEAR LAW FUND							
Assets:							
Cash and investments	\$ 281	\$	3	\$	17	\$	267
Accrued interest receivable	1		—		1		—
Total assets	<u>\$ 282</u>	\$	<u>3</u>	\$	<u>18</u>	\$	<u>267</u>
Liabilities:							
Accounts payable and other accrued liabilities	\$ 282	\$	3	\$	18	\$	267
Total liabilities	<u>\$ 282</u>	\$	<u>3</u>	\$	<u>18</u>	\$	<u>267</u>
UAL PERSONAL PROPERTY							
Assets:							
Cash and investments	\$ 8,397	\$	—	\$	267	\$	8,130
Total assets	<u>\$ 8,397</u>	\$	<u>—</u>	\$	<u>267</u>	\$	<u>8,130</u>
Liabilities:							
Accounts payable and other accrued liabilities	\$ 8,397	\$	—	\$	267	\$	8,130
Total liabilities	<u>\$ 8,397</u>	\$	<u>—</u>	\$	<u>267</u>	\$	<u>8,130</u>
E – 911 ALLOCATION							
Assets:							
Cash and investments	\$ 4,365	\$	875	\$	498	\$	4,742
Accrued interest receivable	8		—		3		5
Accounts receivable	166		27		—		193
Total assets	<u>\$ 4,539</u>	\$	<u>902</u>	\$	<u>501</u>	\$	<u>4,940</u>
Liabilities:							
Accounts payable and other accrued liabilities	\$ 4,539	\$	902	\$	501	\$	4,940
Total liabilities	<u>\$ 4,539</u>	\$	<u>902</u>	\$	<u>501</u>	\$	<u>4,940</u>

(Continued)

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2009
(In thousands)

	Balance January 1, 2009	Additions	Deductions	Balance December 31, 2009
DPS RETIREE HEALTH INSURANCE				
Assets:				
Cash and investments	\$ 577	\$ 2,221	\$ 1,664	\$ 1,134
Accrued interest receivable	2	—	—	2
Total assets	<u>\$ 579</u>	<u>\$ 2,221</u>	<u>\$ 1,664</u>	<u>\$ 1,136</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 579	\$ 2,221	\$ 1,664	\$ 1,136
Total liabilities	<u>\$ 579</u>	<u>\$ 2,221</u>	<u>\$ 1,664</u>	<u>\$ 1,136</u>
IPD CONFISCATED CASH				
Assets:				
Cash and investments	\$ 1,939	\$ 2,421	\$ 2,183	\$ 2,177
Total assets	<u>\$ 1,939</u>	<u>\$ 2,421</u>	<u>\$ 2,183</u>	<u>\$ 2,177</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 1,939	\$ 2,421	\$ 2,183	\$ 2,177
Total liabilities	<u>\$ 1,939</u>	<u>\$ 2,421</u>	<u>\$ 2,183</u>	<u>\$ 2,177</u>
OTHER				
Assets:				
Cash and investments	\$ 742	\$ 19	\$ 1	\$ 760
Cash and investments with fiscal agents	13	—	13	—
Accrued interest receivable	2	—	1	1
Total assets	<u>\$ 757</u>	<u>\$ 19</u>	<u>\$ 15</u>	<u>\$ 761</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 757	\$ 19	\$ 15	\$ 761
Total liabilities	<u>\$ 757</u>	<u>\$ 19</u>	<u>\$ 15</u>	<u>\$ 761</u>
TOTAL – ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 16,301	\$ 5,539	\$ 4,630	\$ 17,210
Cash and investments with fiscal agents	13	—	13	—
Accrued interest receivable	13	—	5	8
Accounts receivable	166	27	—	193
Total assets	<u>\$ 16,493</u>	<u>\$ 5,566</u>	<u>\$ 4,648</u>	<u>\$ 17,411</u>
Liabilities:				
Accounts payable and other accrued liabilities	\$ 16,493	\$ 5,566	\$ 4,648	\$ 17,411
Total liabilities	<u>\$ 16,493</u>	<u>\$ 5,566</u>	<u>\$ 4,648</u>	<u>\$ 17,411</u>

See accompanying independent auditors' report.

Statistical Section

CITY OF INDIANAPOLIS

Statistical Section

Table of Contents

This section of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Schedule Nos.

Schedules 1 – 5

REVENUE CAPACITY

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Schedules 6 – 10

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Schedules 11 – 15

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Schedules 16 – 18

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Schedules 19 – 20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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CITY OF INDIANAPOLIS
Net Assets by Component
Schedule 1
Last Five Fiscal Years
(Accrual basis of accounting)
(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
Governmental activities:					
Invested in capital assets, net of related debt	\$ 964,135	\$ 968,197	\$ 1,009,258	\$ 963,536	\$ 920,186
Restricted	122,202	193,243	175,864	195,743	214,479
Unrestricted (deficit)	<u>(273,286)</u>	<u>(366,071)</u>	<u>(402,821)</u>	<u>(354,287)</u>	<u>(416,849)</u>
Total governmental activities net assets	<u>\$ 813,051</u>	<u>\$ 795,369</u>	<u>\$ 782,301</u>	<u>\$ 804,992</u>	<u>\$ 717,816</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 86,066	\$ 76,926	\$ 96,070	\$ 91,984	\$ 92,683
Restricted	2,807	443	11,800	12,812	1,956
Unrestricted (deficit)	<u>(20,333)</u>	<u>11,585</u>	<u>(9,352)</u>	<u>(27,348)</u>	<u>(89,498)</u>
Total business-type activities net assets	<u>\$ 68,540</u>	<u>\$ 88,954</u>	<u>\$ 98,518</u>	<u>\$ 77,448</u>	<u>\$ 5,141</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 1,050,201	\$ 1,045,123	\$ 1,105,328	\$ 1,055,520	\$ 1,012,869
Restricted	125,009	193,686	187,664	208,555	216,435
Unrestricted (deficit)	<u>(293,619)</u>	<u>(354,486)</u>	<u>(412,173)</u>	<u>(381,635)</u>	<u>(506,347)</u>
Total primary government net assets	<u>\$ 881,591</u>	<u>\$ 884,323</u>	<u>\$ 880,819</u>	<u>\$ 882,440</u>	<u>\$ 722,957</u>

CITY OF INDIANAPOLIS

Changes in Net Assets

Schedule 2

Last Five Fiscal Years

(Accrual basis of accounting)

(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
Expenses:					
Governmental activities:					
General government	\$ 43,646	\$ 45,133	\$ 46,890	\$ 34,652	\$ 60,044
Public safety	280,370	281,214	401,015	382,716	395,465
Public works	228,881	229,993	234,673	227,589	267,286
Health and welfare	4,598	4,962	5,621	5,354	5,112
Cultural and recreation	32,892	31,739	38,250	34,296	33,506
Urban redevelopment and housing	38,482	40,837	33,207	30,594	34,813
Economic development and assistance	11,804	14,126	22,315	26,247	28,491
Swap termination payment	—	—	—	—	28,780
Interest	56,192	63,262	62,178	73,774	74,039
Total governmental activities expenses	<u>\$ 696,865</u>	<u>\$ 711,266</u>	<u>\$ 844,149</u>	<u>\$ 815,222</u>	<u>\$ 927,536</u>
Business-type activities:					
Waterworks	\$ 120,856	\$ 119,289	\$ 141,257	\$ 146,488	\$ 195,340
Housing Agency	55,494	51,087	51,686	58,928	63,230
Total business-type activities expenses	<u>176,350</u>	<u>170,376</u>	<u>192,943</u>	<u>205,416</u>	<u>258,570</u>
Total primary government expenses	<u>\$ 873,215</u>	<u>\$ 881,642</u>	<u>\$ 1,037,092</u>	<u>\$ 1,020,638</u>	<u>\$ 1,186,106</u>

(Continued)

CITY OF INDIANAPOLIS

Changes in Net Assets

Schedule 2

Last Five Fiscal Years

(Accrual basis of accounting)

(In thousands)

Program Revenues	2005	2006	2007	2008	2009
Governmental activities:					
Charges for services:					
General government	\$ 12,471	\$ 13,672	\$ 14,025	\$ 13,980	\$ 14,816
Public safety	13,388	16,394	18,486	17,773	20,135
Public works	95,148	117,667	144,653	162,167	176,591
Health and welfare	952	864	864	901	375
Cultural and recreation	5,003	5,230	4,968	4,845	4,645
Urban redevelopment and housing	1,378	1,667	1,943	2,251	7,187
Economic development and assistance	1,450	1,033	966	675	298
Operating grants and contributions	113,844	123,417	142,344	107,546	137,557
Capital grants and contributions	93,315	63,466	69,657	31,167	32,637
Total governmental activities program revenues	<u>\$ 336,949</u>	<u>\$ 343,410</u>	<u>\$ 397,906</u>	<u>\$ 341,305</u>	<u>\$ 394,241</u>
Business-type activities:					
Charges for services:					
Waterworks	\$ 101,466	\$ 97,637	\$ 128,107	\$ 122,658	\$ 125,501
Housing Agency	3,808	4,646	3,691	3,885	4,101
Operating grants and contributions	51,127	51,139	47,733	51,415	46,252
Capital grants and contributions	35,848	24,925	16,039	12,601	6,023
Total business-type activities program revenues	<u>192,249</u>	<u>178,347</u>	<u>195,570</u>	<u>190,559</u>	<u>181,877</u>
Total primary government program revenues	<u>\$ 529,198</u>	<u>\$ 521,757</u>	<u>\$ 593,476</u>	<u>\$ 531,864</u>	<u>\$ 576,118</u>
Net (Expense) Revenue					
Governmental activities	\$ (359,916)	\$ (367,856)	\$ (446,243)	\$ (473,917)	\$ (533,295)
Business-type activities	15,899	7,971	2,627	(14,857)	(76,693)
Total primary government net expenses	<u>\$ (344,017)</u>	<u>\$ (359,885)</u>	<u>\$ (443,616)</u>	<u>\$ (488,774)</u>	<u>\$ (609,988)</u>

(Continued)

CITY OF INDIANAPOLIS

Changes in Net Assets

Schedule 2

Last Five Fiscal Years

(Accrual basis of accounting)

(In thousands)

General Revenues and Other Changes in Net Assets	2005	2006	2007	2008	2009
Governmental activities:					
Taxes:					
Property tax	\$ 229,238	\$ 221,904	\$ 256,969	\$ 247,908	\$ 274,655
Wheel tax	13,396	12,921	12,756	13,432	13,549
County option income tax	45,489	57,452	110,426	188,486	117,764
Other taxes	18,469	17,769	16,947	19,040	19,841
Grants and contributions not restricted by function	6,708	16,945	13,503	4,872	11,916
Investment earnings not restricted by function	8,535	18,099	17,967	11,000	3,625
Miscellaneous	1,214	5,084	4,607	11,870	4,769
Total governmental activities	<u>\$ 323,049</u>	<u>\$ 350,174</u>	<u>\$ 433,175</u>	<u>\$ 496,608</u>	<u>\$ 446,119</u>
Business-type activities:					
Investment earnings not restricted by function	\$ 2,125	\$ 5,489	\$ 4,724	\$ 4,168	\$ 5,559
Miscellaneous	151	6,954	2,213	655	31
Prior period adjustment	—	—	—	(3,840)	(1,204)
Total business-type activities	<u>2,276</u>	<u>12,443</u>	<u>6,937</u>	<u>983</u>	<u>4,386</u>
Total primary government	<u>\$ 325,325</u>	<u>\$ 362,617</u>	<u>\$ 440,112</u>	<u>\$ 497,591</u>	<u>\$ 450,505</u>
Change in Net Assets					
Governmental activities	\$ (36,867)	\$ (17,682)	\$ (13,068)	\$ 22,691	\$ (87,176)
Business-type activities	18,175	20,414	9,564	(10,034)	(71,103)
Total primary government	<u>\$ (18,692)</u>	<u>\$ 2,732</u>	<u>\$ (3,504)</u>	<u>\$ 12,657</u>	<u>\$ (158,279)</u>

Note: The City began to report accrual information when it implemented GASB Statement No. 34 in fiscal year 2002.

CITY OF INDIANAPOLIS
Program Revenues by Function/Program
Schedule 3
Last Five Fiscal Years
(Accrual basis of accounting)
(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
Function/Program					
Governmental activities:					
General government	\$ 12,535	\$ 14,154	\$ 14,459	\$ 14,595	\$ 16,372
Public safety	64,480	71,887	98,792	70,569	103,991
Public works	212,890	216,308	242,473	222,155	233,101
Health and welfare	3,106	2,939	3,503	3,755	2,000
Cultural and recreation	7,694	8,775	9,333	7,127	7,073
Urban redevelopment and housing	26,563	26,986	26,836	19,749	29,841
Economic development and assistance	9,681	2,361	2,510	3,355	1,863
Total governmental activities	<u>\$ 336,949</u>	<u>\$ 343,410</u>	<u>\$ 397,906</u>	<u>\$ 341,305</u>	<u>\$ 394,241</u>
Business-type activities:					
Waterworks	\$ 134,389	\$ 116,908	\$ 133,751	\$ 124,354	\$ 127,546
Housing Agency	57,860	61,439	61,819	66,205	54,331
Total business-type activities	<u>192,249</u>	<u>178,347</u>	<u>195,570</u>	<u>190,559</u>	<u>181,877</u>
Total primary government program revenues	<u>\$ 529,198</u>	<u>\$ 521,757</u>	<u>\$ 593,476</u>	<u>\$ 531,864</u>	<u>\$ 576,118</u>

CITY OF INDIANAPOLIS
Fund Balances, Governmental Funds
Schedule 4
Last Five Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
General Fund:					
Reserved	\$ 92,086	\$ 73,618	\$ 37,412	\$ 33,865	\$ 48,759
Unreserved	125,526	136,643	79,182	83,292	162,602
Total general fund	<u>\$ 217,612</u>	<u>\$ 210,261</u>	<u>\$ 116,594</u>	<u>\$ 117,157</u>	<u>\$ 211,361</u>
All other governmental funds:					
Reserved	\$ 152,398	\$ 179,519	\$ 198,655	\$ 230,856	\$ 307,052
Unreserved, reported in:					
Special revenue funds	1,558	511	148	(503)	184
Capital projects funds	19,132	75,784	100,381	103,328	64,895
Debt service funds	—	—	—	—	(1,930)
Permanent fund	336	345	361	377	376
Total all other governmental funds	<u>\$ 173,424</u>	<u>\$ 256,159</u>	<u>\$ 299,545</u>	<u>\$ 334,058</u>	<u>\$ 370,577</u>

CITY OF INDIANAPOLIS
Changes in Fund Balances, Governmental Funds
Schedule 5
Last Five Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
Revenues:					
Taxes	\$ 308,197	\$ 310,178	\$ 295,784	\$ 445,216	\$ 556,816
Licenses and permits	8,319	13,097	14,441	15,898	11,887
Charges for services	109,272	130,946	158,671	159,169	200,817
Intergovernmental revenues	122,092	131,323	158,782	112,674	152,128
Intragovernmental revenues	2,962	3,804	3,401	2,497	3,338
Traffic violations and court fees	4,320	4,441	4,185	11,309	13,602
Interest and other operating revenues	17,465	30,737	44,429	25,631	14,378
Total revenues	<u>572,627</u>	<u>624,526</u>	<u>679,693</u>	<u>772,394</u>	<u>952,966</u>
Expenditures:					
Current:					
General government	25,694	24,193	25,024	18,190	21,842
Public safety	251,297	261,140	343,222	345,965	352,790
Public works	116,336	117,032	129,584	131,156	133,258
Health and welfare	4,453	4,778	5,430	5,221	4,928
Cultural and recreation	26,017	25,501	28,883	28,085	25,431
Urban redevelopment and housing	29,827	27,946	28,355	23,962	30,093
Economic development and assistance	7,359	1,773	12,614	20,289	24,308
Capital outlay	82,928	117,918	194,529	138,879	138,754
Debt service:					
Redemption of bonds and notes	64,270	96,412	92,076	78,811	78,607
Interest on bonds and notes	48,032	54,514	54,809	63,886	68,255
Swap termination payment	—	—	—	—	28,780
Bond and note issuance costs	1,616	2,026	3,760	1,160	2,758
Advance funding escrow	—	—	—	—	649
Operating lease payments and administration	19,213	19,054	19,636	15,399	15,167
Total expenditures	<u>677,042</u>	<u>752,287</u>	<u>937,922</u>	<u>871,003</u>	<u>925,620</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>(104,415)</u>	\$ <u>(127,761)</u>	\$ <u>(258,229)</u>	\$ <u>(98,609)</u>	\$ <u>27,346</u>

(Continued)

CITY OF INDIANAPOLIS
Changes in Fund Balances, Governmental Funds
Schedule 5
Last Five Fiscal Years
(Modified accrual basis of accounting)
(In thousands)

	Fiscal year				
	2005	2006	2007	2008	2009
Other financing sources (uses):					
Bonds and notes issued	\$ 158,971	\$ 199,999	\$ 198,915	\$ 129,675	\$ 87,281
Premium on bonds and notes issued	—	2,691	5,381	1,647	15,451
Refunding bonds issued	—	—	89,410	—	133,775
Payment to refunded bond escrow agent	—	—	(86,697)	—	(133,775)
Sale of capital assets	393	455	939	363	645
Transfers in	44,935	45,313	60,253	82,245	59,105
Transfers out	(44,935)	(45,313)	(60,253)	(82,245)	(59,105)
Total other financing sources	159,364	203,145	207,948	131,685	103,377
Net change in fund balances (deficits)	\$ <u>54,949</u>	\$ <u>75,384</u>	\$ <u>(50,281)</u>	\$ <u>33,076</u>	\$ <u>130,723</u>
Debt service as a percentage of noncapital expenditures	28%	35%	28%	27%	27%

CITY OF INDIANAPOLIS
Tax Revenues by Source, Governmental Funds
Schedule 6
December 31, 2009
(Modified accrual basis)
(In thousands)

Fiscal year	Property	Local option income tax	Wheel tax	Other (a)	Total taxes
2005	\$ 230,073	\$ 46,236	\$ 13,396	\$ 18,492	\$ 308,197
2006	222,202	57,345	12,921	17,710	310,178
2007	194,501	71,571	12,756	16,956	295,784
2008	243,042	170,651	13,432	18,091	445,216
2009	345,163 (b)	174,560	13,550	23,543	556,816

(a) Includes financial institution and other local taxes.

(b) Property tax revenue includes \$115 million of 2008 property taxes that were not distributed until 2009 due to the delay in property tax billings.

CITY OF INDIANAPOLIS
Assessed Value and Estimated Actual Value of Taxable Property
Schedule 7
December 31, 2009
(In thousands)

Fiscal year		Residential property		Commercial property		Industrial property		Personal property		Other	Total taxable assessed value (a) (b)	Total direct tax rate	Estimated actual taxable value	Taxable assessed value as a percentage of actual taxable value (a)
2005	\$	20,253,137	\$	12,183,743	\$	1,614,660	\$	7,229,661	\$	508,322	\$ 41,789,523	3.4750 %	\$ 41,789,523	100%
2006		20,737,062		11,877,672		1,604,481		7,770,818		482,842	42,472,875	3.5964	42,472,875	100
2007		24,627,515		15,930,401		2,733,130		5,935,716		597,690	49,824,452	3.7166	49,824,452	100
2008		24,790,420		14,694,619		2,598,170		5,454,450		332,284	47,869,943	3.5490	47,869,943	100
2009		18,016,590		14,553,256		2,813,644		5,657,964		324,992	41,366,446	2.7548	41,366,446	100

Note: Tax-exempt property for 2009 of \$3,298,454 represents charitable organizations and other deductions. Government property is generally not assessed.

(a) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(b) In 2009, total taxable assessed value includes \$3,108,480 of assessed valuation for Marion County Tax Increment Financing Districts.

City of Indianapolis
Direct and Overlapping Governments Property Tax Rates (a) (b)
Schedule 8
Last Five Fiscal Years
(Rate per \$100 of assessed value)

Year	City of Indianapolis			Overlapping rates						Total direct and overlapping rates
	Operating millage	Debt service millage	Total city millage	County direct rates		Total City- County Council approved	Other direct rates			
				County	Municipal corporations		School	State	Other	
2005	0.9184	0.0369	0.9553	0.4163	0.3750	1.7466	1.6744	0.0024	0.0516	3.4750
2006	0.9056	0.0369	0.9425	0.3555	0.3751	1.6731	1.7172	0.1538	0.0523	3.5964
2007	0.8372	0.0374	0.8746	0.5741	0.3420	1.7907	1.8713	0.0024	0.0522	3.7166
2008	0.8683	0.0237	0.8920	0.4847	0.3521	1.7288	1.7668	0.0024	0.0510	3.5490
2009	0.8073	0.0561	0.8634	0.3513	0.3254	1.5401	1.1569	0.0024	0.0578	2.7572

- (a) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services.
(b) Data presented is per the Marion County Auditor's Office.

CITY OF INDIANAPOLIS
Principal Property Tax Payers
Schedule 9
Current Fiscal Year and Nine Years Ago
(In thousands)

	2009				2000		
	Taxable assessed value (a)	Rank	Percentage of total city taxable assessed value		Taxable assessed value (c) (d)	Rank	Percentage of total city taxable assessed value
Principal taxpayers				Principal taxpayers			
Eli Lilly and Company	1,312,077	1	3.430%	Eli Lilly & Company	220,623	1	2.395%
Indianapolis Power & Light	381,597	2	0.997%	Indianapolis Power & Light	130,578	2	1.42%
Indiana Bell	283,297	3	0.740%	Allison Transmission/Div of GMC	78,023	3	0.85%
Federal Express Corporation	191,132	4	0.500%	Visteon Corporation (formerly, Ford Motor Co.)	55,322	4	0.60%
Citizens Gas & Coke Utility	183,985	5	0.481%	Indianapolis Water Company	46,991	5	0.51%
Macquarie Office Monument	181,809	6	0.475%	Bank One Corporation	44,877	6	0.49%
Allison Transmission Inc	148,011	7	0.387%	Roche Diagnostics Corp.	32,970	7	0.36%
Simon Property Group	144,640	8	0.378%	Navistar International Transportation Co.	30,171	8	0.33%
American United Life	140,114	9	0.366%	Marsh Supermarkets, Inc.	29,485	9	0.32%
Community Hospital Foundation	130,201	10	0.340%	American United Life Insurance Company	29,439	10	0.32%
Keystone Investors, LLC	115,274	11	0.301%	Daimler - Chrysler Corp.	28,526	11	0.31%
Anibal N Meridian, LLC	109,559	12	0.286%	Meijer, Inc.	21,268	12	0.23%
Rolls Royce	105,025	13	0.275%	National Starch and Chemical Company	20,397	13	0.22%
General Motors	104,937	14	0.274%	Marathon Oil Company	18,328	14	0.20%
Roche Diagnostics Corp	96,580	15	0.252%	Kroger Company	12,428	15	0.13%
Target	94,621	16	0.247%	Rexnord Corporation	11,423	16	0.12%
Indianapolis Motor Speedway	93,828	17	0.245%	Olin Corporation - Olin Brass	8,940	17	0.10%
SVC Manufacturing	93,329	18	0.244%	Anthem, Inc.	6,642	18	0.07%
North Penn Associates, LLC	77,940	19	0.204%	Citizen's Gas & Coke Utility	5,246	19	0.06%
VV USA City, LP	75,550	20	0.197%	Clarian Health Partners	(b)	20	N/A
	4,063,506		10.62		831,677		9.03

- (a) Represents the March 1, 2008 valuations for taxes due and payable in 2009 as represented by the taxpayer.
Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (b) Data not available
- (c) Represents the March 1, 1999 valuations for taxes due and payable in 2000 as represented by the taxpayer.
Amounts in thousands. Net assessed valuation was determined using public records from the Marion County Treasurer's Office.
- (d) Data presented as originally published in the 2000 CAFR.

CITY OF INDIANAPOLIS
Property Tax Levies and Collections
Schedule 10
Last Ten Fiscal Years
(In Thousands)

Fiscal year ended December 31	Taxes levied for the fiscal year (a)	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
		Amount	Percentage of levy		Amount (c)	Percentage of levy
2000	\$ 168,653	\$ 163,830 (b)	97.1%	\$ 7,538	\$ 171,368	101.61%
2001	168,777	163,786	97.0	7,093	170,879	101.25
2002	166,351	161,582	97.1	8,049	169,631	101.97
2003	173,506	172,068	99.2	6,476	178,544	102.90
2004	163,091	159,523	97.8	7,502	167,025	102.41
2005	173,583	165,443	95.3	5,995	171,438 (d)	98.76
2006	175,485	168,359	95.9	4,501	172,860 (d)	98.50
2007	192,223	192,946	100.4	3,587	196,533 (d)	102.24
2008	196,824	189,069	96.1	5,584	194,653 (d)	98.90
2009	181,262	155,963	86.0	8,153	164,116 (d)(e)	90.54

- (a) Taxes levied represent the total city less the tax increment replacement levy.
(b) Beginning in 2000, taxes collected do not include tax incremental finance (TIF) taxes.
(c) Data presented on the cash basis in years prior to 2007.
(d) Total collections include refunds for prior years that were withheld from the City's final tax distribution.
(e) It should be noted that delinquent collections during the first half of 2010 approximate \$12,540, which will be recognized in total collections for 2010.

CITY OF INDIANAPOLIS
Ratios of Outstanding Debt by Type
Schedule 11
Last Five Fiscal Years
(In thousands, except per capita)

Fiscal year	Governmental activities						Business-type activities			Total primary government	Percentage of personal income (a)	Per capita (a)
	Serial bonds	Tax increment bonds	Net revenue bonds	Notes payable	Capital leases		Waterworks net revenue bonds	Waterworks notes payable	Housing Agency capital leases			
2005	\$ 338,642	\$ 468,392	\$ 249,193	\$ 42,648	\$ 2,020		\$ 701,381	\$ 869	\$ 2,506	\$ 1,805,651	3.03%	\$ 110
2006	320,385	438,863	406,626	47,628	1,112		707,586	651	1,888	1,924,739	3.05	116
2007	305,051	442,678	567,104	29,239	151		814,893	3,768	1,248	2,164,132	3.28	128
2008	319,441	490,169	572,965	27,384	—		809,934	1,884	1,030	2,222,807	3.30	130
2009	293,756	517,964	590,715	25,816	—		915,655	1,667	852	2,346,425	3.48	137

(a) See schedule 16 for personal income and population data. These ratios are calculated using personal income and population.

CITY OF INDIANAPOLIS
Ratios of General Bonded Debt Outstanding
Schedule 12
Last Five Fiscal Years
(In thousands, except per capita)

Fiscal year	General bonded debt outstanding		Percentage of actual taxable value of property (b)	Per capita (a)
	Serial bonds payable	Total		
2005	\$ 338,642	\$ 338,642	0.854%	\$ 0.44
2006	320,385	320,385	0.754	0.40
2007	305,051	305,051	0.612	0.38
2008	319,441	319,441	0.667	0.40
2009	293,756	293,756	0.710	0.36

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) Population data can be found in schedule 16.

(b) Property value data can be found in schedule 7.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2009
(In thousands)

Page 1

Direct Debt:	Map reference	Assessed	Bonding limit		Bonds
	(see introduction (g))	value (f)	%	Dollar amount	outstanding
City of Indianapolis:					
Civil City	2	\$ 35,756,647	0.67%	\$ 239,570	\$ 87,585
Consolidated County	1	38,257,966	(c)	—	—
Park District	1	38,257,966	(h)	—	23,931
Redevelopment District	2	35,756,647	(h)	—	24,747
Flood Control District	1	38,257,966	0.67%	256,328	12,143
Metropolitan Thoroughfare District	1	38,257,966	1.33%	508,831	44,920
Sanitary District	8	35,208,546	4.00%	1,408,342	59,080
Police Special Service District	5	11,282,187	(b)	—	—
Fire Special Service District	6	10,566,712	(b)	—	—
Solid Waste Collect Special Service District	7	35,807,014	(b)	—	—
Solid Waste Disposal District	7	35,807,014	2.00%	716,140	—
Pub Safety Comm and Comp Facilities District	1	38,257,966	0.67%	256,328	41,350
Total City Debt				<u>\$ 3,385,539</u>	<u>\$ 293,756</u>
Overlapping:					
Marion County	1	\$ 38,257,966	0.67%	<u>\$ 256,328</u>	<u>\$ —</u>
Municipal Corporations:					
Airport Authority	1	38,257,966	0.67%	\$ 256,328	\$ —
Health & Hospital Corporation	1	38,257,966	0.67%	256,328	40,795
Capital Improvement Board	1	38,257,966	0.67%	256,328	—
Indpls-Marion Co. Building Authority	1	38,257,966	(d)	—	19,845
Indianapolis-Marion County Library	4	37,221,684	0.67%	249,385	106,900
Indianapolis Public Transportation Corp.	2	36,212,450	0.67%	242,623	11,645
Total Municipal Corporations				<u>\$ 1,260,992</u>	<u>\$ 179,185</u>
School Districts:					
Beech Grove	9	\$ 429,446	(i)	\$ 40,197	\$ 7,050
Decatur	9	1,019,116	(i)	174,142	9,082
Franklin	9	1,788,673	(i)	297,742	4,755
Indianapolis Public Schools	9	10,126,332	(i)	1,087,431	27,190
Lawrence	9	4,891,773	(i)	292,166	23,280
Perry	9	3,405,604	(i)	181,023	21,170
Pike	9	4,915,127	(i)	149,859	5,140
Speedway	9	606,837	(i)	12,137	—

(Continued)

CITY OF INDIANAPOLIS

Page 2

Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)

Schedule 13

December 31, 2009

(In thousands)

	Map reference (see introduction (g))	Assessed value (f)	Bonding limit		Bonds outstanding
			%	Dollar amount	
School Districts (continued):					
Warren	9	\$ 2,626,101	(i)	\$ 170,697	\$ 8,745
Washington	9	5,693,124	(i)	161,147	11,405
Wayne	9	2,755,835	(i)	322,422	25,313
Total School Districts		<u>\$ 38,257,968</u>		<u>\$ 2,888,963</u>	<u>\$ 143,130</u>
Other Cities and Towns:					
Beech Grove	2	\$ 455,803	0.67%	\$ 3,054	\$ 1,015
Lawrence	2	1,388,312	0.67%	9,302	6,085
Southport	2	50,367	0.67%	337	—
Speedway	2	606,837	0.67%	4,066	4,230
Total Other Cities and Towns		<u>\$ 2,501,319</u>		<u>\$ 16,759</u>	<u>\$ 11,330</u>
Townships:					
Center	3	\$ 5,307,969	0.67%	\$ 35,563	\$ —
Decatur	3	1,022,519	0.67%	6,851	—
Franklin	3	1,936,745	0.67%	12,976	—
Lawrence	3	5,278,629	0.67%	35,367	—
Perry	3	3,735,700	0.67%	25,029	5,000
Pike	3	4,682,451	0.67%	31,372	—
Warren	3	3,543,624	0.67%	23,742	—
Washington	3	7,877,583	0.67%	52,780	—
Wayne	3	4,515,179	0.67%	30,252	—
Total Townships		<u>\$ 37,900,399</u>		<u>\$ 253,932</u>	<u>\$ 5,000</u>
Excluded Library Districts:					
Beech Grove	4	\$ 429,446	0.67%	\$ 2,877	\$ —
Speedway	4	606,837	0.67%	4,066	225
Total Excluded Library Districts		<u>\$ 1,036,283</u>		<u>\$ 6,943</u>	<u>\$ 225</u>
Ben Davis Conservancy District		<u>\$ 210</u>	(e)	\$ —	\$ —
Total overlapping debt					<u>\$ 338,870</u>
Total direct and overlapping debt					<u>\$ 632,626</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (a)
Schedule 13
December 31, 2009
(In thousands)

- (a) Excludes revenue bonds not payable from ad valorem taxes.
- (b) No bonding authority.
- (c) No bonding authority from ad valorem taxes.
- (d) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (e) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (f) Represents the March 1, 2008 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2009.
- (g) See pages XV and XVI.
- (h) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
- (i) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

CITY OF INDIANAPOLIS
Computation of Legal Debt Margin (a)
Schedule 14
December 31, 2009
(In thousands)

	Assessed value (b)	Debt limit percentage	Debt limit	Bonds outstanding	Subtotal	Plus amount available in debt service fund	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
Civil City	\$ 35,756,647	0.67%	\$ 239,570	\$ 87,585	\$ 151,985	\$ 297	\$ 152,282	36.44%
Consolidated County	38,257,966	(a)	—	—	—	—	—	—
Park District	38,257,966	(b)	—	23,931	—	—	—	—
Redevelopment District	35,756,647	(b)	—	24,747	—	9,666	—	—
Flood Control District	38,257,966	0.67%	256,328	12,143	244,185	18	244,203	4.73%
Metropolitan Thoroughfare District	38,257,966	1.33%	508,831	44,920	463,911	—	463,911	8.83%
Sanitary District	35,208,546	4.00%	1,408,342	59,080	1,349,262	361	1,349,623	4.17%
Police Special Service District	11,282,187	(c)	—	—	—	—	—	—
Fire Special Service District	10,566,712	(c)	—	—	—	—	—	—
Solid Waste Collection Special Service District	35,807,014	(c)	—	—	—	—	—	—
Solid Waste Disposal District	35,807,014	2.00%	716,140	—	716,140	—	716,140	—
Public Safety Communications and Computer Facilities District	38,257,966	0.67%	256,328	41,350	214,978	—	214,978	16.13%

- (a) No bonding authority payable from ad valorem taxes.
- (b) There is no statutory constitutional debt limitation applicable to the Park and Redevelopment Districts.
- (c) No bonding authority.
- (d) Due to the extreme complexity of the taxing district structure, showing more than one year of data is extremely cumbersome. Previous years' data can be found in the CAFRs from prior years.

CITY OF INDIANAPOLIS
Pledged-Revenue Coverage
Schedule 15
Last Five Fiscal Years
(In thousands)

Sanitary bonds

Fiscal year	Gross revenue (a)	Direct operating expense	Net revenue available for debt service	Debt service		Coverage
				Principal	Interest	
2005	\$ 67,462	\$ 47,112	\$ 20,350	\$ 6,754	\$ 5,757	1.63
2006	81,693	47,797	33,896	9,444	7,112	2.05
2007	104,932	50,214	54,718	19,899	10,330	1.81
2008	117,516	53,259	64,257	19,278	14,799	1.89
2009	120,452	56,047	64,405	19,978	16,667	1.76

Water revenue bonds

Fiscal year	Gross revenue (b)	Direct operating expense	Net revenue available for debt service	Debt service		Coverage
				Principal	Interest	
2005	\$ 103,480	\$ 65,016	\$ 38,464	\$ 1,240	\$ 33,464	1.11
2006	103,821	70,489	33,332	1,680	28,698	1.10
2007	131,953	86,649	45,304	975	31,148	1.41
2008	122,658	73,938	48,720	6,240	49,218	0.88
2009	126,428	76,883	49,545	8,525	48,434	0.87

Wheel tax bonds

Fiscal year	Wheel tax revenue (c)	Debt service		Coverage
		Principal	Interest	
2005	\$ 14,406	\$ 4,775	\$ 1,913	2.15
2006	15,866	5,005	1,701	2.37
2007	15,712	3,180	1,144	3.63
2008	13,432	5,480	1,238	2.00
2009	12,367	5,740	983	1.84

Redevelopment revenue bonds

City cumulative funds (d)	Debt service		Coverage
	Principal	Interest	
\$ 520	\$ 390	\$ 107	1.05
556	400	101	1.11
522	410	83	1.06
510	400	70	1.09
375	440	57	0.75

Property tax increment bonds

Tax increment revenues (e)	Debt service		Coverage
	Principal	Interest	
\$ 56,932	\$ 18,697	\$ 21,278	1.42
47,348	36,139	22,923	0.80
32,325	24,208	21,253	0.71
57,717	24,935	16,757	1.38
112,951	16,275	25,772	2.69 (k)

MECA bonds

Fiscal year	E-911 fees (f)	Debt service		Coverage
		Principal	Interest	
2005	\$ 1,673	\$ 1,280	\$ 413	0.99
2006	1,368	1,330	367	0.81
2007	1,812	1,380	317	1.07
2008	1,643	1,445	251	0.97
2009	1,440	1,520	178	0.85

Economic development bonds

Parking fees (g)	Debt service		Coverage
	Principal	Interest	
\$ 1,699	\$ —	\$ 1,309	1.30
1,940	100	1,487	1.22
1,659	—	1,647	1.01
2,060	60	1,898	1.05
2,250	135	1,994	1.06

Golf bonds

Golf course revenue (h)	Debt service		Coverage
	Principal	Interest	
\$ 320	\$ 160	\$ 104	1.21
405	175	100	1.47
337	185	89	1.23
353	1,698	153	0.19 (j)
—	—	—	—

Facilities revenue bonds

Fiscal year	E-911 fees (f)	Debt service		Coverage
		Principal	Interest	
2005	NA	NA	NA	NA
2006	NA	NA	NA	NA
2007	\$ 1,256	\$ 610	\$ 712	0.95
2008	1,593	885	834	0.93
2009	1,793	1,105	784	0.95

- (a) Sewer user fees
(b) Water sales
(c) Wheel taxes on vehicles
(d) City cumulative capital development fund revenue transfers
(e) Property tax increment revenues collected in TIF districts
(f) E-911 fees collected from telephone companies
(g) Fees from parking garage
(h) Golf fees from specific golf courses
(i) Charge back to City-County agencies
(j) Debt coverage ratio is low because in 2008 the golf bonds were paid in full before their maturity date.
(k) Does not include \$128,210 of refunding bonds.

CITY OF INDIANAPOLIS
Demographic and Economic Statistics
Schedule 16
Last Five Fiscal Years

Calendar year	Population	(a)	Personal income (thousands of dollars)	(b)	Per capita personal income	(b)	Median age	(c)	Education level in years of schooling	(a)	School enrollment	(d)	Unemployment rate	(e)
2005	765,310		\$ 59,683,000		\$ 36,391		34.80		12		135,705		4.80%	
2006	795,484		63,058,000		37,849		35.90		12		137,757		4.40	
2007	805,489		66,073,000		38,980		35.50		12		140,546		4.50	
2008	795,458		67,449,000		39,318		35.50		12		145,569		5.60	
2009	808,466		67,449,000	(f)	39,318	(f)	35.80		12		159,089		8.50	

(a) U.S. Census Bureau

(b) Bureau of Economic Analysis

(c) Stats Indiana

(d) Indiana Department of Education

(e) Bureau of Labor Statistics

(f) This information will be released by the Bureau of Economic Analysis in August 2010; therefore, prior year numbers were utilized.

CITY OF INDIANAPOLIS
Principal Employers
Schedule 17
Current Fiscal Year and Nine Years Ago

Employer	2009 (b)			Employer	2000		
	Employees	Rank	Percentage of total city employment (a)		Employees (c)	Rank	Percentage of total city employment (a)
Clarian Health Partners Inc.	12,763	1	3.08%	Allison Transmission/Div of GMC	4,187	1	0.94%
Eli Lilly and Company	11,550	2	2.79%	Marsh Supermarkets, Inc.	3,880	2	0.87%
St Vincent Hospitals & Health Services	10,640	3	2.57%	Anthem, Inc.	3,026	3	0.68%
IUPUI	7,066	4	1.71%	Kroger Company	2,845	4	0.64%
FedEx	6,311	5	1.52%	Visteon Corporation (formerly Ford Motor Co.)	2,824	5	0.63%
Community Health Network	5,341	6	1.29%	Bank One Corporation	2,745	6	0.62%
Rolls-Royce	4,600	7	1.11%	Meijer, Inc.	2,559	7	0.57%
St. Francis Hospital & Health Centers	4,152	8	1.00%	Navistar International Transportation Co.	1,592	8	0.36%
WellPoint Inc.	3,950	9	0.95%	American United Life Insurance Company	1,475	9	0.33%
Allison Transmission/Div of GMC	3,800	10	0.92%	Indianapolis Power and Light	1,404	10	0.32%

(a) Percentage of total City employment is calculated by using total 2009 & 2000 Employed Labor Force, which can be found at www.stats.indiana.edu.

(b) Largest employers can be found at www.indypartnership.com (Indy Partnership).

(c) Data presented as originally published in the 2000 CAFR.

CITY OF INDIANAPOLIS
Full-Time Equivalent City Government Employees by Function/Program
Schedule 18
December 31, 2009

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	250	264	268	266
Protection of People				
Police Department	1,465	1,666	1,871	1,915
Fire Department	792	978	1,092	1,116
Other (Civilian)	64	398	74	87
Public Works	647	648	637	618
Parks and Recreation	450	452	414	363
Redevelopment	<u>218</u>	<u>227</u>	<u>244</u>	<u>222</u>
Total full-time City employees	3,886	4,633	4,600	4,587

Note: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF INDIANAPOLIS
Operating Indicators by Function/Program
Schedule 19
December 31, 2009

Function/program	2006	2007	2008	2009
General government				
Building permits issued	48,858	41,470	34,517	33,619
Building inspections conducted	65,314	73,781	76,101	102,324
Households assisted with entitlement grants	3,767	4,131	5,168	6,872
Police				
Physical arrests	37,740	44,903	52,247	51,944
Parking violations	22,335	12,692	10,912	8,575
Traffic violations	42,278	43,780	68,937	36,850
Fire				
Emergency responses	68,240	65,966	136,198	122,620
Dispatched fire runs	52,948	15,783	16,331	18,457
Inspections	2,155	4,552	4,663	4,663
Refuse collection				
Refuse collected (tons per day)	816	890	1,075	1,048
Leaves collected (tons per year)	10,341	6,762	6,741	7,610
Other public works				
Street resurfacing (miles)	99	99	155	237
Pothole work orders completed (a)	13,246	9,009	12,094	18,590
Parks and recreation				
Number of facility and park inspections	758	476	1,200	9,518
Community park and facility attendance	5,238,625	7,636,927	6,636,487	6,820,927
Water				
Service repairs	457	661	889	1,074
Water main repairs	407	783	593	559
Average daily consumption (millions of gallons)	139	152	138	146
Total system pumpage (millions of gallons)	50,633	55,369	50,347	53,143
Wastewater				
Average daily sewage treatment (millions of gallons)	206	183	190	181

(a) Work order can consist of one pothole or multiple potholes.

CITY OF INDIANAPOLIS
Capital Asset Statistics by Function/Program
Schedule 20
December 31, 2009

Function/program	2006	2007	2008	2009
Public Safety				
Police stations	5	6	7	7
Police vehicles and other rolling stock	1,778	2,057	2,015	2,005
Fire stations	26	35	35	38
Fire vehicles and other rolling stock	178	259	258	277
Emergency management vehicles and other rolling stock	11	10	9	12
Animal control vehicles and other rolling stock	28	31	29	27
Other Public Works				
Streets (miles)	3,161	3,193	3,215	3,233
Sidewalks (miles)	2,702	2,705	2,707	2,706
Bridges	512	513	512	512
Traffic signal installations	1,124	1,125	1,125	1,127
Miles of sanitary sewers	3,086	3,086	3,116	3,188
Miles of storm sewers and drainage	1,478	1,494	1,500	1,513
Public works vehicle and other rolling stock	538	551	537	582
Wastewater treatment capacity (million gallons per day)	320	320	320	320
Culture and Recreation				
Parks	192	192	192	206
Park properties – acreage	11,018	11,140	11,160	11,140
Playgrounds	131	131	127	128
Golf courses	13	13	13	13
Swimming pools – outdoors	16	16	16	16
Swimming pools – indoors	6	6	8	5
Recreational centers	25	25	25	25
Waterworks				
Treatment plants	10	10	10	9
Pumping stations	18	24	18	20
Water mains (miles)	4,240	4,422	4,462	4,469
Fire hydrants	38,868	39,077	39,487	41,048
Water storage tanks	17	21	26	32
Storage capacity (millions of gallons)	78,960	78,960	78,960	77,850
Waterworks vehicles and other rolling stock	214	297	316	309

Sources: Various City department reports.

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